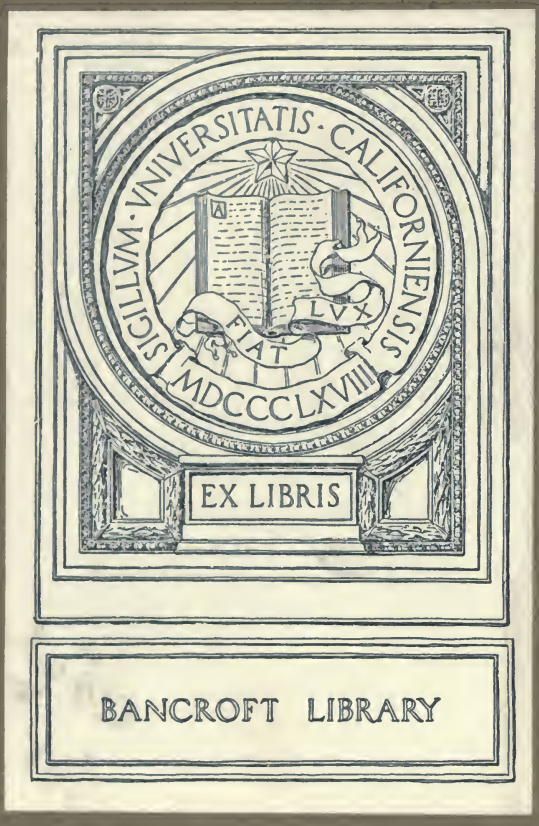
Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/caseofcostarica00valerich



BANCROFT LIBRARY

Which?

(The Case of Costa Rica)

LINCOLN G. VALENTINE

THE CASE OF COSTA RICA

LINCOLN G. VALENTINE

F1547
.V3

3 3979
croft Library

INDEX.

WHICH?

(The Case of Costa Rica.)

PAGE.

Is this continent ripe for a policy of pure idealism? 7

Europe versus America in competing for strategic oil grant.

Monroe Doctrine held to be inapplicable by Gonzalez Government of Costa Rica and European nations 11

How the Kaiser succeeded in bossing Costa Rica 15

President Gonzalez' scrap of paper theory 23

Alfredo Gonzalez, ousted, enlists President Wilson's aid.

How Gonzalez touched our President's sentimental chord and obtained his support 63

Gonzalez' attempts to influence American Senate and public.

His publicity campaign against United States interests. Their safes rifled "with the aid of United States Government officials?" 79

President Tinoco's testimony.

Costa Rican Congress unanimously rejects Gonzalez' charges as baseless and untrue 93

The American Senate and the case of Costa Rica 97

Conclusion.

A more practical Latin American policy is needed, protecting our citizens and, at the same time, aiding our continental neighbors 103

Appendix 1. Address of Representative Norman J. Gould in the House of Representatives 105

Appendix 2. From the testimony of the Assistant Editor of "El Imparcial" 109

August, 1919.

PREFACE:

The writer of this booklet has no personal interest in Costa Rican affairs and does not champion anybody's cause. No profit, direct or indirect, will accrue to him from the establishment of one régime or another. He seeks no concession or privilege in that little country.

This exposé is published, not as his defence against charges that are baseless on their face; not as an incrimination of the aliens and Americans pictured therein, who, after all, were merely striving to attain their own ends in their own way; but as an object lesson to illustrate what seems to be one of the many serious mistakes in our Latin American policies of recent years. He deems himself prepared to write on the subject because of his long and intimate acquaintance with facts and persons. Nobody appears to have taken the initiative in presenting this melodramatic tangle before the public. Someone should. The harm has unfortunately been done, but perhaps it is still time to reflect and remedy.

LINCOLN G. VALENTINE.

2200 Q st., Washington.

IS THIS CONTINENT RIPE FOR A POLICY OF PURE IDEALISM?

Some of our great statesmen have devoted long and conscientious thought to Pan-American problems and now view with much concern our fatal mistakes of recent years. Their conclusions and policies may perhaps be condensed into the following cardinal principles:

Attract Latin Americans toward us—

Sentimentally: by abstaining from meddling with their internal affairs unless provoked; letting each country evolve its own destiny in its own way; avoiding the feeling that we desire to "force" them, but instilling the impression that we are willing to co-operate.

Politically: by preventing as far as possible European and Asiatic strongholds in Latin America; taking steps to retain all important strategic rights on this continent in American hands and granting the full protection of the Stars and Stripes to our citizens wherever they may be.

Financially and commercially: by giving our sisters to the south large borrowing facilities in the United States and meeting their commercial needs on the same basis as European and Asiatic competitors.

These principles, wisely applied by Secretaries of State Root and Knox, did more to create closer Pan-American relations than anything prior to 1912. This is best illustrated in the case of Central America which had been the hotbed of revolutions prior to 1907 when, through the intelligent collaboration of our Secretary of State Root and the Mexican Secretary of State Creel, the Central American Peace Court was established, which for years prevented wars and revolutions in Central America.

President Wilson, however, had different ideas. He appeared to be of the opinion that elevated idealism and international altruism alone, expressed with touching rhetoric, would rapidly reach the hearts of Latin Americans and establish ties of feeling stronger than ties of common interest. The purpose of this booklet is not to go into a long dissertation on the Wilson doctrine and its effects. We have heard much complaint in recent years on the part of thinking Americans, far-seeing enough to comprehend the danger of this new policy. In Mexico, Americans have been killed by the score and hundreds of millions of American dollars invested have become endangered. Unrest has broken out anew in Central America and the Central American Peace Court (the first real experiment in a League of Nations), has been permitted to go out of existence. It has been charged

that the nefarious influence of the Hun was responsible for this ungratifying result. No doubt it was. But it is reasonably certain that this same influence would have been reduced to almost nothing, prior to 1914, had the Latin American policy of preceding administrations prevailed.

Nothing illustrates this so well as the case about to be related. The exposé will be limited to a compilation of established facts and original documents, which reveal the curious psychology of some of our little neighbors; the feeling on their part towards the United States on the one hand, and Germany and Great Britain on the other. It is a graphic illustration of the intricate problems confronting, under the Wilson policy, American capitalists desirous of developing large financial and industrial propositions in the smaller countries south of us.

When a European of standing, whether English, French or German, ventures out of his country on legitimate commercial, financial or industrial pursuit, his government is behind him. Upon arriving at a Latin American capital, he is courteously attended to by his Embassy or Legation and, in dealing with the local Government, enjoys the official introductions and direct assistance of his country's Envoy. If in the course of the negotiations, or as an outcome thereof, the contracting Government tries to drive an unfair bargain, unduly interferes with the execution of the covenant or otherwise improperly obstructs the deal, the Embassy or Legation as a rule uses its good offices in his behalf. European Powers realize two things:

1. Exceptional financial risks are attached to investments in foreign states, especially in the smaller Latin American republics. These risks can only be offset by securing additional advantages; otherwise there would be no inducement for foreign investors to venture out of their own country.

2. The more ample the scope and drastic the terms obtained, the greater the commercial and political benefit accruing to the investor's country.

This does not, of course, mean extortion or usury, but the securing of terms commensurate with the risks attached to the venture and the size of the investment.

Here again President Wilson seems to hold a different view on the subject. His speeches and actions appear to reveal a firm conviction that a large measure of altruism should predominate among American capitalists venturing outside of the United States. They should abstain from seeking special privileges in foreign lands and be content with securing such terms as are current in our country for similar enterprises. The increased riks should not be compensated by more favorable conditions and guarantees, but rather by creating idealistic ties of sentimental understanding which he takes to be stronger than ties of material interest.

This interpretation of his ideas is especially justified by his attitude in Mexican and Central American affairs. It is also clearly set forth in his Mobile speech of October 26, 1913, wherein he said among other things:

> "The future, ladies and gentlemen, is going to be very different in this hemisphere from the past. These States, lying to the south of us, which have always been our neighbors, will now be drawn closer to us by innumerable ties and I hope, chief of all, by the tie of common understanding of each other. Interest does not tie nations together. It sometimes separates them * * *"
>
> "There is one peculiarity about the history of the Latin American states which I am sure they are keenly aware of. You hear of 'concession' to foreign capitalists in Latin America. You do not hear of concession to foreign capitalists in the United States. They are not granted concessions. They are invited to make investments. The work is ours, though they are welcome to invest in it. We do not ask them to supply the capital and do the work. It is an invitation, not a privilege; and states that are obliged, because their territory does not lie within the main field of modern enterprise and action, to grant concessions, are in this condition, that foreign interests are apt to dominate their domestic affairs; a condition of affairs always dangerous and apt to become intolerable. What these states are going to see, therefore, is an emancipation from the subordination which has been inevitable, to foreign enterprise and an assertion of the splendid character which, in spite of these difficulties, they have, again and again, been able to demonstrate.
>
> "The dignity, the courage, the self-possession, the self-respect of the Latin American States, their achievements in the face of all these adverse circumstances, deserve nothing but the admiration and applause of the world. They have had harder bargains driven with them in the matter of loans than any other peoples in the world. Interest has been exacted of them that was not exacted of anybody else, because the risk was said to be greater; and then securities were taken that destroyed the risk, an admirable arrangement for those who were forcing the terms. I rejoice in nothing so much as in the prospect that they will now be emancipated from these conditions, and we ought to be the first to take part in assisting in that emancipation."

The President's cis-Atlantic policy, since expressed and applied on many occasions, may therefore be summarized in the following principles, based upon his speeches and attitude in most Latin American matters:

1. Abandon the Root and Knox policies.
2. Withdraw the protection of the Stars and Stripes from

every United States citizen who establishes enterprises in Latin America upon terms and conditions markedly more liberal than those prevailing in the United States.

3. Oppose nothing but perfunctory resistance to Latin American governments obstructing the development of such American concessions as contain privileges notably greater than those customary in the United States, regardless of the "material interests" involved.

This policy relegates to the class of "concession hunters," unworthy of strong government support, our largest enterprises in Latin America, such as: petroleum companies in Mexico operating under special concessions; certain fruit and steamship companies; banks having dealings with Spanish American governments under specific, apparently liberal, grants, etc. Roosevelt, under this classification, might have been called the greatest "concession hunter" because he secured the most liberal terms of all, viz.: the Panama Canal, which placed into our hands the fate of the Panama Republic. And—lest we forget—President Wilson has himself qualified as a "concession hunter" because the grant he obtained from Nicaragua for the construction of an inter-oceanic canal through that country comprises terms almost as broad and exclusive as those embodied in the Panama treaty.

The facts now to be made public for the first time, though seemingly extraordinary, are quite likely to be similar to others that have never become known. They are of educational value to anyone interested in our financial, industrial and commercial expansion on this continent. Whilst this exposé pictures a rather distressing condition of affairs, it is not written for the purpose of discouraging Americans from venturing into the southern countries. Quite the reverse, its object is to encourage, by the frank presentation of a case in point, the formation of a Latin American policy, practical, constructive and acceptable in spirit by our continental neighbors, without the confusing cloak of an idealism, highly admirable, but inapplicable in this era of cold and competitive progress.

EUROPE VERSUS AMERICA IN COMPETING FOR STRATEGIC OIL GRANT.

Monroe Doctrine Held to be Inapplicable by Gonzalez Government of Costa Rica and European Nations.

The problem play before us took place in the Republic of Costa Rica, Central America, and the account begins in the year 1912. Petroleum, the liquid gold coveted by every nation and which has so much to do with our troubles in Mexico, is at the bottom of it.

A look at the map shows the strategic importance of oil fields in Costa Rica. It will be seen that this little state lies between the Panama Canal domain and the proposed Nicaragua inter-oceanic waterway. Petroleum rapidly taking the place of coal as fuel, the product of those fields, within pumping distance of the two canals, is therefore of the utmost strategical importance. It may safely be said that the nation possessing the oil output of Costa Rica and Panama will, when large production is secured, control the shipping situation in Latin America. Another feature should be noted as interesting:

A vast oil supply base on the narrow accessible strip of Central America will go far towards offsetting the dominating international value of the Mexican oil fields, which Carranza is trying so hard to wrest from the hands of the United States and Great Britain.

With the foregoing facts pointed out, the reader will not be surprised to learn that European nations, particularly Great Britain and Germany, have made every effort to obtain the control of the Costa Rican petroleum deposits. The question arises: Could they, under the Monroe Doctrine, be permitted to acquire them? Our story revolves around that issue. Most of the Latin American nations deny that the Monroe Doctrine gives the United States the right to prevent them from granting whatever they choose to European or Asiatic states. Our government, however, has always held that, under the Monroe Doctrine, none but American countries are entitled to the control of strategic rights in this hemisphere.

European attempts to secure the Costa Rican oil base are related in the following letter from the writer to the Hon. Stewart Johnson, American Chargé d'Affaires in Costa Rica:

"....(*b*) *Control of Fuel Resources.*

"Six or seven years ago, the First Lord of the Admiralty asserted in a speech that 'the control of the fuel resources in the countries around the Caribbean Sea means the control of the Carib-

bean Sea,' or words to that effect. He further stated that, therefore, it was to the interest of the British Government to gain the greatest control possible of oil and coal lands in Mexico, Central America, and the northern countries of South America, especially in sections from which oil could be pumped to the Panama Canal.

"British Attempts to Secure Caribbean Oil Control.

"As is generally known, the firm of S. Pearson & Son has the direct backing and, in fact, collaborates with the British Admiralty.

"For the purpose of carrying out the plans above outlined, Lord Murray, a partner of S. Pearson & Son, of London, visited Colombia, Panama and Costa Rica, in 1913, in order to secure concessions covering the control of the oil resources south and north of the Panama Canal for his firm.

"(a) Colombia.

"Preparatory to their endeavors, S. Pearson and Son established close relations with Mr. Saturnino Restrepo, a member of one of the most influential families of Colombia and who, I believe, at that time represented Colombia in England in a diplomatic or consular capacity.

"Owing to the influence of Mr. Restrepo, Lord Murray was placed in touch with some of the leading elements of Colombia.

"Through friends of Mr. Restrepo's I have since been informed that S. Pearson and Son were advised not to attempt to secure concessions in Colombia for any large foreign firm directly, in view of the strong anti-foreign sentiments which for years have reigned in Colombia. It was considered more feasible to have some influential Colombian without any ostensible connection with large British interests, such as Mr. Restrepo himself obtain the concession.

"S. Pearson and Son, however, in the belief that the prestige of its name and that of its representative, Lord Murray, would open the door of Colombian good-will, disagreed with Mr. Restrepo.

"That I understand, was one of the main reasons why Lord Murray was entirely unsuccessful in Colombia.

"(b) Panama.

"Lord Murray was equally unsuccessful in Panama because, I understand, the United States Government, for strategic and political reasons, did not look with favor upon British control of the oil resources of that country.

"(c) Costa Rica.

"S. Pearson and Son established its relations with the Government of Costa Rica through Mr. Wencislao de la Guardia, at

that time Costa Rican Minister to Great Britain, resident in London.

"Mr. Restrepo had accompanied Lord Murray to Colombia. In a like manner, Mr. de la Guardia proceeded to Costa Rica, to back the endeavors of the Pearson concern.

"It is worthy of note that Mr. Wencislao de la Guardia is a brother-in-law of Mr. Federico Tinoco, having married the latter's sister.

"On September 27, 1913, the Costa Rican Government signed a contract with S. Pearson and Son, granting to the said firm the control of all petroleum resources in Costa Rica for sixty years, renewable for another sixty years at the contractor's option.

"The contract was submitted to the Costa Rican Congress on November 4, 1913, and referred to a Committee of Public Works, of which Mr. Alfredo Gonzalez, later President of Costa Rica, then a Congressman, was a member.

"The said Committee highly recommended the approval of the Pearson concession and, accordingly, Congress accepted it on first and second readings.

"When the contract came up for third reading, the United States Government had taken an interest in the matter and advised the Costa Rican Government that it would not look with favor upon the granting of this contract to British interests.

"Accordingly, Congress convened in secret session and, in the third reading, rejected the Pearson concession.

"For further details in the matter and a statement of policy on the part of Secretary Knox in a letter addressed to Dr. Luis Anderson, you may refer to the latter.

"Second Attempt of Pearson Interests in Costa Rica.

"Prior to the proposed Pearson contract, denouncements of oil zones in Costa Rica were open to all private parties, in the same manner as ordinary mining claims in our country. Upon the request of the Pearson interests, the Government thereupon proceeded to enact a law nationalizing the petroleum resources of the country and prohibiting all denouncements.

"At that time, close to a million acres had been denounced by various private parties, covering the most probable oil zones of the country.

"The Pearson interests then considered the acquisition of all these claims. However, they were in the hands of about three hundred individuals, and no unity existeed between them.

"The interest awakened by the Pearsons in the oil of Costa Rica acted as an incentive for Mr. Diego Povedano (a prominent mine operator) to unite these three hundred denouncers, and the result

was the formation of the National Petroleum Company (Compañia Nacional de Petroleo), to which most of the oil claims were transferred.

"Various parties began at once to plan the acquisition of that company's holdings. The most instrumental among them were Alfonso Altschul, a German, now on the blacklist, and an agent of the Krupp works in Central America, and Dr. Manuel Dieguez, a Guatemalan attorney, residing in Costa Rica, of very pronounced and open pro-German tendencies * * *."

This letter (of June 14, 1918) was written on the occasion of a more recent European attempt to secure oil lands adjacent to the proposed Nicaragua Canal, and the Legation so informed the State Department, as shown in the following reply from our envoy (of June 15, 1918):

"I wish to acknowledge receipt of your interesting compilation of data on oil matters in Central America and Colombia in connection with the pending Amory concession and to inform you that I have sent copies of the letter to the Department of State for its information."

Had the United States Government not acted in the nick of time, to prevent the legislative approval of the British petroleum monopoly in Costa Rica in 1913, this booklet could never have been written.

After the rejection of the English grant, the Costa Rican Congress proceeded to nationalize the petroleum of the country, but as, under the constitution, no law can be retroactive, the decree had to exempt such oil areas as had been previously acquired by private parties. These were left valid and exploitable under the laws then in force, and it so happened that they covered practically all of the probable deposits in the country. Consequently, whoever should have acquired the private rights would have been in practical control of the petroleum situation. This explains the subsequent British, German and American attempts to acquire the oil denouncements or claims.

A bona-fide all-American group, composed of Leo J. Greulich and Frank S. Stelling (Oklahoma oil men), Herbert Noble (a New York attorney), Washington S. Valentine (also of that city, who had been prominent for over thirty years in Central American railroad and mining matters), and the writer leased them in 1915. It was soon apparent that the Costa Rican Government, under the presidency of Alfredo Gonzalez, in favor of European interests, was opposed to American initiative, and the resulting complications hereinafter related can only be ascribed to his anti-Americanism. For a full understanding of the situation, it is necessary to acquaint the reader with the political status in Costa Rica between 1913—when Alfredo Gonzalez, as a member of Congress, championed the European oil monopoly—and March, 1915, when the American group appeared on the scene in control of the private petroleum zones.

HOW THE KAISER SUCCEEDED IN BOSSING COSTA RICA.

In the fall of 1913, the three traditional political parties in Costa Rica were striving to elect their candidates for the 1914-1918 presidential period. The Civilistas had nominated former President Rafael Yglesias; the Duranistas, Dr. Carlos Durán, a prominent physician; and the Fernandistas, Maximo Fernandez, the " Bryan of Costa Rica," who had run various times.

The election failed, as none of the candidates secured the minimum number of votes required by the constitution. It was therefore incumbent upon Congress to designate a President from among these candidates.

Federico Tinoco, until recently President of Costa Rica, a gentleman of good family, educated in Belgium and the United States, possessed strong personal magnetism and the political " know how." To cut the Gordian knot, he persuaded the Duranistas and Fernandistas to combine, withdraw their candidates, and appoint in their stead a figurehead from among the members of Congress, as President under the direction of a coalition cabinet jointly named by both parties.

The choice fell upon Alfredo Gonzalez, an inoffensive and unpretentious country notary, about thirty-five years of age. Of good standing in his provincial community, he had been elected to Congress but never taken a prominent part in the debates, except when the European oil monopoly was under discussion. Gonzalez had been its strongest advocate.

Don Alfredo's disposition was easy-going and jocular. His unimportant record had not qualified him for presidential timber, and the proposition to make him Chief Magistrate came to him like a thunderbolt. When Federico Tinoco, early in 1914, communicated the decision to him in the name of the combined parties, Don Alfredo thought it was a huge joke.

" Pull it off on someone else," he said, with a hearty laugh. " Whoever thought of me as President? Why, hardly anyone knows of my existence. If, out of a clear sky, you make me President like this, you had better be careful because I might kick you all out and become Kaiser."

" We are not afraid of that, Alfredo," Tinoco replied; " the arrangement is that you are to be a sort of democratic Swiss President. We will name your cabinet, composed of Duranistas and Fernandistas. All you have to do is to simply follow the lead which they will give you."

Gonzalez accepted and Tinoco took him to his town house; but when it came down to action, he " got cold feet " and refused to take the delegates of the combined parties seriously. In fact, it was only after a day's coaxing behind closed doors in Tinoco's home that the fortunate or unfortunate man was induced to move to the Costa Rican White House.

Año IV | 10 CÉNTIMOS | Número 44

LA LINTERNA.

Director: FRANCISCO SOLER

FALCO & BORRASÉ, Editores
Apartado de Correos Nº. 638

San José, Costa Rica, 13 de Julio de 1916

CONDICIONES: Costa Rica ₡ 1-50 trimestre.-7ª Av. Este, Nº 42

Preparativos para la reforma

PREPARING FOR THE REFORM

Johann Kümpel, nicknamed "Kultur" or "Rasputin of Costa Rica" is shown magnifying President Gonzalez' hand, in order to fit him for his dictatorial grasp over the country. Kümpel, a Hun propagandist, was Gonzalez' closest friend and advisor, and in joint control with him of the Pro-German daily, "El Imparcial," which they had founded together.

The political program had been worked out and a cabinet named for him. Pacts, embodying this program, were thereupon drawn up and Gonzalez subscribed to them. Among other things, it was stipulated that Gonzalez should, under no circumstances, run for a second term. It was also agreed that Federico Tinoco, in order to guarantee the obligations assumed by him, should remain as Minister of War during Don Alfredo's term of office.

On May 18, 1914, the new President assumed the reins of government. That was the time when the Kaiser's plans for the European conflagration were about to mature, the murder of the Austrian Archduke occurring five weeks later. The secret intrigue machinery of the Hun was then in full swing throughout this hemisphere. Clever agents had settled down everywhere and cipher messages were being rushed from the Berlin Foreign Office across the Atlantic in all directions.

The control of Costa Rica was of the utmost importance to Germany, as aerial attacks could be readily launched from the uninhabitated southern section of that Republic against the Panama Canal, a distance of only about 150 miles. The country was also considered very useful as a wireless relay station. Powerful machinery at Hanover or Nauen transmitted messages directly to the Hun installation in Mexico City. Another German station had been established in Salvador and messages could have been relayed easily via Costa Rica to Colombia and the rest of South America.

The Hohenzollern master mind in Costa Rica was a clever German, by the name of Johann Kümpel, who appears to have been for years, and to be now, the head of the Hun secret organization in that country. He lived in Costa Rica, apparently as a peaceful coffee planter, but the respect invariably shown him by the other Germans, his close and constant relations with Herr Erythropel, in charge of the Kaiser's Legation, and the happenings now to be pictured, show that his mission was political rather than commercial. When, a few months before the European War, smiling Destiny had lifted Gonzalez into the Presidency, nobody in Costa Rica gave more than passing thought to the Central American plans of the Pan-Germans. Little attention had, therefore, been paid to the fact that Alfredo Gonzalez and Johann Kümpel were chums of long standing and neighbors in Don Alfredo's provincial home town. Had this fact been given weight at the time, and a true pro-Ally placed in the Presidency, it is quite possible that, through the timely curbing of German intrigues in Costa Rica, much of the shipping disaster on this side of the Atlantic could have been avoided.

Kümpel has since been nicknamed the " Rasputin of Costa Rica." It is no exaggeration to qualify him in this way because he soon succeeded in wielding over Gonzalez and the Costa Rican Government the same nefarious power that Rasputin had over the Czar. Almost immediately after the new Chief had established himself in the Presidential Mansion, it became

Procedimientos rápidos

"RAPID PROCEEDINGS."

From "La Linterna," December 9, 1916.

Gonzalez, in the uniform of a Prussian officer, orders the deportation to distant fever infected regions of the editors who had launched a campaign against the President and his German côterie. In the background the program of the Republican Party is shown, torn to pieces. Gonzalez, upon being placed in the presidency with the aid of this party, qualified the pledges subscribed by him as "scraps of paper," when the Huns were advancing towards Brussels.

apparent that Kümpel had Gonzalez under absolute control, not only in economic but in political and international issues as well. As a matter of fact, the " Rasputin " was included in the national pay-roll as special advisor in economic matters; and Petters, a German friend of Kümpel's, was placed in charge of public works. Hence the Kaiser had Costa Rica well in his grip.

Gonzalez did not abide long by the pacts bearing his signature. He soon broke with the Duranistas, in whose ranks figure the intellectuals, and severed his relations with the Fernandistas, composed mostly of the working class. One of the Duranistas, however, remained in the Cabinet and has since been considered by his party as a political outcast. Federico Tinoco, the Minister of War, wished to resign as well, but the combined political factions agreed that he should swallow the bitter pill and remain, so that the country might retain at least a semblance of control in the shape of a physical grip over the pro-German Government.

After having thus relegated his political pacts to the scrap heap, eliminated from Government affairs the parties who had lifted him into the Presidency, Don Alfredo sat down with his German advisors and planned the best way to serve the Vaterland.

The first step in this direction was the purchase of modern linotypes and the formation of a financial combination between Kümpel and Gonzalez, who drew on the public treasury for the necessary funds. A daily newspaper was founded, called " El Imparcial," published in Spanish, with an English section, for Hun propaganda and as a semi-official Government organ. The editorial policy was as follows:

1. Clever articles written or inspired by President Gonzalez, Kümpel and other German and pro-German writers against foreign, primarily American, capital and enterprises.
2. Promotion of Hun industries, organizations and aims.
3. Prominent publication of Teuton successes and belittling of Allied victories.
4. Propaganda for Gonzalez' own administrative projects.
5. Defense of Government actions.

The other daily newspaper, " La Información," with its evening edition, " La Prensa Libre," was partly owned and managed by a Frenchman, and naturally pro-Ally in tendency. Whilst Gonzalez dared not suppress it entirely, he hampered its circulation to such a degree that it would have perished if friends had not paid the resulting deficit. Another newspaper, opposed to the Gonzalez-Kümpel régime, called " La Republica " and managed by men of high professional and political standing, was stopped by force. Later, a comic paper, ridiculing the Gonzalez-Kümpel combine, was established, called " La Linterna." It managed to exist despite the Administration's constant obstructions, but finally Gonzalez had the editors arrested and exiled to the fever-infested wilds of Golfo Dulce. They were only per-

» del tercero en su caso, será ejecutado sin recurso de ninguna especie.

XIV

La United Fruit Company no podrá traspasar este contrato sin consentimiento expreso del Gobierno.

Congreso Constitucional

No obstante que está pendiente de despacho el contrato que con fecha 7 de mayo próximo pasado tuve la honra de someter a vuestra consideración, celebrado con esta Secretaría y en virtud del cual la United Fruit Co., se compromete a instalar y explotar en nuestra Costa Atlántica el servicio de comunicaciones inalámbricas, el Poder Ejecutivo, en el deseo de allegar todas las ventajas posibles en asunto que tanto interesa al país, no ha vacilado en dar favorable acogida al proyecto presentado por la Gesellschaft fur Drahtlose Telegraphie o sea la compañía llamada la Telefunken de Berlín, para el establecimiento del mismo servicio de comunicaciones.

Después de un detenido estudio de este proyecto, en armonía con las conveniencias del país, fue celebrado el contrato cuya copia, siguiendo instrucciones del señor Presidente de la República, tengo la honra de remitiros adjunta, para someterlo a vuestra superior resolución.

A nadie se ocultan las dificultades que tenemos actualmente para la rápida comunicación con el exterior, y de allí el interés manifiesto del Poder Ejecutivo, a fin de dar resolución a este asunto de tan trascendental importancia para el país.

Para garantizar las obligaciones que la Empresa contrae en el contrato que motiva esta exposición, que apruebo en la cláusula XIII del mismo, el depósito de $ 5.000-00 a la orden del Gobierno, y a este respecto me ocrasto informaros que la Compañía ha cumplido ya con esa estipulación

En razón de todo lo expuesto, someto respetuosamente a vuestra consideración el siguiente proyecto de ley:

El Congreso, etc.

Decreta:

Artículo único.—Apruébase el contrato celebrado entre la Secretaría de Fomento y la Gesellschaft fur Drahtlose Telegraphie o sea la compañía llamada la Telefunken de Berlín, para el establecimiento del servicio de comunicaciones internacionales por medio de estaciones radiográficas que instalará en el país, cuyo contrato dice así:

ALBERTO ECHANDI MONTERO, Secretario de Estado en el Despacho de Fomento, en nombre del Gobierno de la República de Costa Rica, y el Ingeniero MIGUEL SCHOENWITZ, en nombre y representación de la Gesellschaft fur Drahtlose Telegraphie o sea la Compañía mencionada llamada la Telefunken, de Berlín

Por cuanto la dicha Compañía Telefunken, de acuerdo y con la cooperación de la Compañía MARCONI de Londres, desea establecer en este país una estación radiográfica de gran alcance, por medio de la cual pueda haber comunicación directa o directa con todas las poblaciones del mundo en donde haya abierta al servicio público oficina telegráfica, radiográfica o radiotelefónica, siempre que el Gobierno le otorgue el privilegio de ese género de comunicaciones por un tiempo bastante a asegurar el éxito financiero de la empresa, y por cuanto el Gobierno juzga, que es de positivo interés para la República el que se establezca en el país una estación de telegrafía inalámbrica, que pueda reemplazar el servicio de comunicaciones por cable.

Por tanto hemos convenido en otorgarse

Artículo I

La Compañía se compromete

a)—A establecer en el punto más adecuado del territorio costarricense, una estación radiográfica de gran potencia por medio de la cual se puedan transmitir radiogramas directos a Estados Unidos y dentro de ellos, a los grandes centros comerciales de la Unión, que quedan dentro del radio potencial de la estación, tomando en cuenta las condiciones atmosféricas, y además, radiogramas directos a Cuba, Colombia y estaciones radiográficas del Norte y Sur de América, que se hallen dentro del alcance directo de dicha central. Esta estación tendrá una o varias torres, según más convenga, de 100 a 120 metros de altura y potencia poblísica de 25 K. W., aproximadamente, y será una de las más grandes estaciones de América, desde luego superior a cualquiera otra de las que tiene la Compañía en México, Centro y Sur América; además de ésta, la Compañía podrá montar en la República, las estaciones auxiliares que estime oportunas.

b)—A hacer por su cuenta los arreglos que sean necesarios con las otras compañías radiográficas, de telégrafos y de cable, voluntarios, a fin de que en transitan por su medio los mensajes dirigidos a puntos donde la empresa *Telefunken a Marconi*, no tengan estaciones inalámbricas, siendo entendido que por razón de estos servicios, de entrados, no podrá la Compañía recargar en más.

c)—A transmitir todo mensaje dirigido al exterior, que se le entregue con ese objeto, por la vía más rápida y oportuna, a más tardar dentro de 24 horas después de recibido en la oficina de la Compañía. Es entendido que, pasado ese plazo, la Compañía no podrá invocar excusa alguna que se funde en el mal estado de las corrientes atmosféricas, pero sí podrá invocar como excusa, cualquiera otra causa que suponga imposibilidad material de cumplimiento.

d)—A recibir todos los despachos que por medio de dicha estación central, dirijan a Costa Rica las referidas oficinas radiográficas, y transmitirlos sin pérdida de tiempo a la Oficina Central del Telégrafo Nacional.

e)—A mantener las estaciones radiográficas que establezcan en el país, en buen estado de servicio y con los aparatos más modernos de la ciencia, a fin de asegurar en todo caso, el más perfecto servicio.

f)—A transmitir gratuitamente los mensajes oficiales del Gobierno a las estaciones inalámbricas existentes en la República, y a recibir del mismo modo, los despachos oficiales que de tales estaciones se dirijan al Gobierno por medio de la Central. Para los efectos de este contrato, se tendrán como despachos oficiales, aquellos que sean de carácter urgente, que se refieran al servicio de Estado y que envíe el Presidente de la República o alguno de los Secretarios de Estado, o que sean dirigidos a alguno de dichos funcionarios.

g)—A construir de su cuenta la sección de línea telegráfica indispensable para unir su estación central con la estación más próxima del Telégrafo Nacional.

h)—A sujetarse a la censura del Gobierno y aun a suspender el servicio de despachos particulares temporalmente cuando lo juzgue indispensable por motivo de seguridad pública en caso de guerra, revolución o trastorno del orden.

Artículo II

1—La Compañía no podrá en los dos años primeros de servicio, cobrar por la trasmisión de despachos al exterior, más altos derechos que los que al entrarse este convenio se pagan por igual trasmisión a la Compañía del cable submarino de San Juan del Sur. Al fin de dichos diez años, deberá rebajar o tener rebajada su tarifa inicial en un diez por ciento, por lo menos; en adelante, en cada cinco años será obligatoria para la Compañía Telefunken rebajar o tener rebajado un cinco por ciento de la tarifa inicial. Esta tarifa podrá establecer la Empresa en el supuesto de que la instalación completa cueste un millón de Marcos o más; pero si fuere de un costo menor, se fijará de acuerdo entre el Gobierno y la Compañía, de tal manera que, deducidos los gastos de operación y conservación, el capital invertido obtenga un ocho por ciento anual de interés.

2—El Gobierno no pagará más que cincuenta por ciento de la tarifa vigente por la trasmisión de un despacho oficial dirigido al exterior.

3—Los mensajes que hayan de ser trasmitidos por medio de esta Empresa, serán precisamente entregados en las oficinas telegráficas del Gobierno, las cuales los trasmitirán consiguiente a la estación radiográfica central. El Gobierno cobrará al recibir tales despachos, tanto el valor de la trasmisión telegráfica como el de la trasmisión radiográfica, y el quince de cada mes se pagarán a la Compañía por la Dirección General de Telégrafos, las sumas correspondientes al mes anterior, que hubieren recibido las oficinas telegráficas nacionales, por cuenta de la Empresa.

4)—La empresa no cobrará por trasmitos al exterior de despachos de la prensa más altos derechos que los que hoy rigen en la Compañía del cable y por lo tanto rebajarán de su tarifa la misma proporción que de la hoy rebaja hoy dicha Compañía, la Empresa se obliga además a hacer los arreglos necesarios a fin de que el Gobierno reciba diariamente cuando menos mil palabras de noticias importantes de la prensa, en idioma castellano.

Artículo III

1)—Deducidos los gastos de conservación y funcionamiento de las estaciones radiográficas establecidas en el país, los productos netos, anuales que queden a la Empresa por la trasmisión de radiogramas remitidos de Costa Rica, pertenecerán exclusivamente a ésta en cuanto no excedan de 8 por del capital invertido. Las sumas sobrantes, deducidos los gastos mencionados y el 8 por anual sobre el capital invertido, pertenecerán a la Empresa y al Gobierno por mitades.

2)—Cada año se hará por la Compañía y el Gobierno la correspondiente liquidación de cuentas.

3)—El capital invertido de que habla el inciso 1) de este artículo, aunque sea mayor, no podrá tomarse para los fines de este contrato, como superior a un millón de marcos; pero en todo caso la Compañía deberá presentar al Gobierno los comprobantes del costo total de la Estación, puesta al servicio público.

Artículo IV

1)—El Gobierno concede a la Empresa dueño exclusivo para instalar y explotar en la República Mexicana estaciones radiográficas. Este derecho durará 25 años a contar del día en que se abra al servicio público la Estación Central; y por lo tanto, el Gobierno no podrá conceder a ninguna otra persona, Empresa o Compañía, derecho de montar o establecer ninguna estación radiográfica, durante dicho término o que haya de operar en dicho término. El Gobierno, sin embargo, podrá instalar por su cuenta, y para servicios estrictamente oficiales, las estaciones que considere oportunas.

2)—En consecuencia del privilegio que se otorga a la Empresa y como condición necesaria de este contrato, todo mensaje destinado al exterior será precisamente trasmitido, por medio de la estaciones de la Compañía.

3)—Lo antes dicho no afecta los derechos que quiera el Gobierno conceder a que haya tolerado a favor de la United Fruit Company para usar su estación radiográfica de Puerto Limón, o las estaciones que en lo futuro establezca en la República, respecto a mensajes para servicio oficial de dicha Compañía, de la Northern Railway Company y de Costa Rica Railway Company; pero es entendido que dichas estaciones no podrán recibir o despachar mensajes pertenecientes de particulares o de Compañías y Empresas que no sean las otras mencionadas.

4)—Tampoco se opondrá el presente artículo a que el Gobierno otorgue a la proyectada empresa de Tortuguero, cualquiera que sea el empresario, el derecho de establecer una o varias estaciones radiográficas, siempre que se empleen únicamente para la trasmisión de los despachos que requiera su servicio oficial.

5)—No obstante lo estipulado anteriormente, los pasajeros de los vapores de la Empresa indicados tienen derecho de dirigir sus mensajes particulares a las estaciones radiográficas a que se refieren los incisos 3° y 4°

Artículo V

El Gobierno proporcionará a la Compañía, gratuitamente, un terreno adecuado y con capacidad suficiente para instalar la estación central. Este terreno estará en el punto que los ingenieros expertos de la Compañía señalen por razones técnicas; pero en ningún caso dentro del perímetro de las ciudades, villas 6 pueblos.

Artículo VI

1)—El Gobierno concede a la Compañía, por todo el tiempo que dure este contrato, el derecho de introducir libres de impuestos aduaneros, de cualquier clase o cualquier otro que grave ahora o en adelante su introducción, toda clase de materiales, máquinas, utensilios y enseres que sean necesarios para la instalación, conservación y funcionamiento de las estaciones radiográficas.

2)—Durante todo el término de la presente concesión, no se podrá gravar al por el Estado ni por las Municipalidades, esta Empresa, sea en sus establecimientos, sea en sus Oficinas; y la Compañía no será obligada a pagar otras contribuciones nacionales o municipales, que las que sean generales corrientes.

3)—El Gobierno concederá dentro de la más amplia esfera de sus facultades, protección a la Empresa a fin de que pueda establecerse y funcionar con toda regularidad.

Artículo VII

1)—La Compañía empezará a instalar la primera estación radiográfica dentro de los seis meses siguientes a la fecha en que el Gobierno haya puesto a su disposición el terreno señalado de que habla el artículo V Pero tara obligación de la Compañía presente dentro de los 150 días siguientes a la aprobación legislativa de este contrato, el informe de los ingenieros respecto del sitio más apropiado para la Estación Central. El Gobierno pondrá el lugar designado a disposición de la Compañía, dentro de dos meses desde que reciba el informe de los ingenieros.

3)—Dentro de menos, a lo sumo, después de haber recibido la Compañía el terreno para la estación central, según se ha dicho, deberá instalar el servicio de trasmisión y recibo de mensajes radiográficos.

3)—Si transcurrieren los plazos antes estipulados sin que la Compañía haya principiado o terminado, no se hace, la instalación de la estación central, se tendrá por caduco el presente convenio administrativo. Menos, en los casos de fuerza mayor, en los casos fortuitos o de fuera mayor, debidamente comprobados.

4)—También podrá pedirse la rescisión de este convenio por cualquiera de las partes, si la otra no cumpliere con las obligaciones que por el presente contrae.

Artículo VIII

La Compañía responderá civilmente de los daños y perjuicios que ocasionen sus aparatos, en diferente la instalación, sea durante la época de servicio, siempre que el reclamante demuestre que el siniestro ha ocurrido por culpa de la Empresa o de sus empleados.

Artículo IX

Un año antes de concluir los 25 años de explotación a que se refiere la cláusula IV, deberá el Gobierno hacer saber a la Compañía si le quiere, vencidos los dichos 25 años, comprar las instalaciones existentes en Costa Rica, de propiedad de la Empresa.

3)—Si el Gobierno optare por adquirir dichas instalaciones, deberá pagar a la Compañía, al contado, el valor en que las estimen peritos.

3)—Si el Gobierno no decidiere comprarlas, este contrato tendrá vigor por un nuevo período de 25 años en las mismas condiciones estipuladas, salvo que por este nuevo período no goce la Compañía del privilegio que explica el artículo IV.

4)—Si la Compañía llegare a forzar de la presente concesión por 50 años, todas las instalaciones que tenga en la República, pasarán a ser propiedad del Estado, sin necesidad de pago alguno por parte del Gobierno.

5)—Si se abstiene lo dicho antes, pasados los primeros 25 años de esta concesión, y en cualquier época del segundo período de 25 años, el Gobierno podrá, entrar en la propiedad de las instalaciones que tenga la Compañía en la República, mediante el pago al contado del justiprecio que señalen peritos, pero siendo entendido que de este justiprecio sólo pagará el Gobierno lo correspondiente al número de años que falten para completar el segundo período de 25 años, a razón de un 4 00 del justiprecio por cada año que falte.

Artículo X

Si el Gobierno, para uso público interior de la República, ordenase la construcción de una o más estaciones radiográficas y a la Compañía no le conviniere establecerlas, el Gobierno de Gobierno queda facultado para hacerlo por la suya.

Si la Compañía llegare hacer servicio radiográfico directo de la República, su tarifa será la misma que el Gobierno tenga en sus telégrafos, salvo que se trataré de estaciones donde el Gobierno no tenga o abandone su oficina telegráfica, pero en este caso, la tarifa será materia de un arreglo especial entre el Gobierno y la Compañía.

El Gobierno en caso de construir por su cuenta, estaciones radiográficas en la República, deberá adoptar un sistema que técnicamente no pueda estorbar el buen funcionamiento de la estación de la Empresa contratante.

Artículo XI

En los casos antes expuestos en que hayan de intervenir peritos, cada parte elegirá el suyo. Si los peritos no estuvieren conformes en su dictamen, y no hubiere entre las partes acuerdo en cuanto a nombramiento de un tercero que dirima la discordia, los peritos mismos elegirán dicho tercero. Pero si aun entre los peritos no hubiere acuerdo respecto de tal nombramiento del tercero, cada uno de ellos escogerá dos nombres de sujetos honorables y competentes y entre los cuatro nombres así escogidos, se sortearé por los peritos, en presencia de los representantes de las partes, o quienes estos, el nombre del que habiere de actuar como tercero en discordia.

Artículo XII

Toda cuestión o diferencia que surja entre las partes, sobre interpretación o ejecución de este convenio, será sometida a la decisión de árbitros arbitradores. Las reglas del artículo anterior sobre peritos serán aplicables al caso de árbitros. El fallo de los árbitros o del tercero en su caso, será ejecutado sin recurso de ninguna especie.

Artículo XIII

En garantía de cumplimiento la Compañía depositará en un Banco o casa bancaria de San José, a la orden del Gobierno la suma de $ 5.000-00. Si por el depósito se pagares intereses, éstos pertenecerán a la Compañía.

Este depósito será devuelto a la Compañía, si el presente contrato no fuere aprobado por el Congreso en el curso de este año, y la Compañía desistiere apertura de él. Aprobado que sea este contrato, la misma consignará en el depósito hasta que la Compañía dé principio a los trabajos de instalación.

Se perderá por la Compañía y pasará a ser propiedad del Gobierno, en caso de que aquella no dé comienzo a las obras, dentro del plazo estipulado en el artículo séptimo.

Artículo XIV

En el caso de que hubiere en Alemania movilizaciones de reservas militares motivadas por peligro de guerra, se entenderá este hecho como caso fortuito que justificará a la Empresa de la interrupción si ya hubiere comenzado los trabajos o de diferir su principio, todo durante el término que dure el estado de alarma previsto.

En fe de lo cual firman los otorgantes en San José, el 1 intiuere de julio de mil novecientos catorce.—Firmado: ALBERTO ECHANDI MONTERO.—MIGUEL SCHOENWITZ.

San José, veintinueve de julio de mil novecientos catorce.—Apruébase el anterior contrato.—GONZÁLEZ.—El Secretario de Estado en el Despacho de Fomento.—ECHANDI

Dado, etc.

Al P. E.

El Congreso Constitucional

ALBERTO ECHANDI

San José, 11 de agosto de 1914

PROYECTO DE CONTRATO

ENRIQUE JIMÉNEZ NÚÑEZ, Subsecretario de Estado en el Despacho de Fomento, autorizado al efecto por el Señor Presidente de la República, por una parte, y WILLIAM E. MULLINS, en su carácter de apoderado generalísimo de la United Fruit Company, por otra parte, han convenido en celebrar el siguiente contrato:

I

El Gobierno concede a la United Fruit Company por el término de veinticinco años derecho para instalar y explotar en la costa atlántica de la República las estaciones inalámbricas, que dicha Compañía considere necesarios para las comunicaciones entre esas estaciones y entre ellas y otros puntos de América y Europa, en donde haya abierta al servicio público oficina telegráfica, radiográfica o radiográfica, tomando en cuenta

PAGE 264, OFFICIAL GAZETTE No. 39, YEAR 36, AUGUST 14, 1914.

Contract between the Gonzalez Government and the "Gesellschaft für Drahtlose Telegraphie," of Berlin, granting to the German concern the wireless monopoly of Costa Rica for 25 years, with the Executive message of recommendation to Congress. The German interests were represented by Michel Schönwitz, Hun reserve officer, on July 29, 1914, when the European conflagration was just breaking

mitted to return to the capital after the Supreme Court had granted a writ of habeas corpus.

With the approaching Armageddon in Europe, Germany felt the urgent need of wireless control over Costa Rica, and, early in July, 1914, a German Reserve Officer by the name of Michel Schönwitz, representing the "Gesellschaft für Drahtlose Telegraphie" of Berlin, commonly called the "Telefunken," arrived at the Capital. Kümpel took him directly to the Blue Castle (Costa Rican White House).

Events were precipitating themselves in Europe. No time could be lost, and, on July 29, 1914, a contract was signed, whereby the Telefunken (evidently operating under instructions from the Berlin Foreign Office) secured from President Gonzalez the following concessions:

1. Twenty-five years' wireless monopoly, renewable for an equal period.

2. The right to establish anywhere in Costa Rica wireless stations as powerful as any on the American continent.

3. Free land for that purpose.

4. "The Government shall grant within the amplest sphere of its power protection to the enterprise * * *."

This concession was signed by Gonzalez, as President, and Alberto Echandi, as Minister of Public Works. Echandi was the partner of a German in Costa Rica who was later placed on the black-list.

But, to be binding, this concession required legislative approval, and Congress was not in session. Time was of the essence, because the German troops were steadily advancing towards Brussels. Gonzalez, therefore, published in "Official Gazette" No. 39, of August 14, 1914, a decree convening Congress into special session for the express purpose of approving this grant. In his message to Congress, appearing with the concession in the above-mentioned number of the "Official Gazette," the Executive said:

"* * * and hence the manifest interest of the Executive Power to resolve this matter which is of such transcendental importance to the country * * *."

This was too much for the United States Government, and the approval of the concession was prevented. The Pan-German statesmen were wise enough to realize that the time was not yet ripe to openly defy the United States.

The writer's report to Captain Harry A. Strauss, American Intelligence Officer at Panama, gives further information on the aid rendered by the Gonzalez-Kümpel combine to the Kaiser:

"Costa Rican Naturalization of Germans.

"During the Administration of President Alfredo Gonzalez, especially in the year 1916, several Germans received Costa Rican

citizenship papers, regardless of their short stay in that Republic (several weeks only). Such new citizens mostly left the country soon thereafter. Their naturalization was championed by Johann Kümpel, a rich German propagandist, for years resident of Costa Rica, neighbor in Heredia of President Gonzalez and influential in shaping Gonzalez' economic and diplomatic policies.

"*Proofs:*

"Costa Rican Official Gazette No. 95, of April 27th, 1916, containing naturalization decree of one Max M. Weinberg Schaps.

"This man arrived in Puntarenas on April 5th, 1916, went to San José, resided at the Hotel Français until April 26th, 1916, left for Puerto Limón on that day, tried to sail as a Costa Rican on an Italian steamer but was refused.

"The naturalization decree says that Weinberg Schaps was 'a native of Germany, *accidentally* living in this town' (San José).

"Costa Rican Official Gazette No. 49, of February 29th, 1916, containing naturalization decree of one Louis Davidson Rosenberg.

"I have no further data on this case, but shall secure them.

"Church Propaganda.

"A paper, now suppressed by President Tinoco, called 'La Nueva Era,' published pro-German utterances. It was owned by elements close to Bishop Storck, the general impression being that the Bishop himself was a part owner thereof. It was managed by Father Valenciano, a Catholic priest. The owners of Lehmann's book-store (Sauter & Co.) were also interested, as was Emil Span, a German chemist or naturalist. All these parties are close friends of the Bishop * * *."

Many other cases might be cited to demonstrate the pro-German character of the Gonzalez Government; such as, the facilities given to German Reserve Officer Von Hellsing to sound the bays and rivers in strategic regions adjacent to the proposed Nicaragua Canal and accessible by air and water to the Panama Canal; the plans for fortifying certain rocky regions dominating the Atlantic section of the proposed Nicaragua waterway; his anti-American publications, which were so well received by the pro-German part of the public in Central America, etc.

The facts related, however, should prove sufficiently convincing for our present purpose. It goes without saying that the writer can fully prove his statements, through original documents, corroborating facts, and a host of witnesses, and that all of the data enumerated were furnished from time to time to the United States Government.

PRESIDENT GONZALEZ' SCRAP-OF-PAPER THEORY.

His Frantic Schemes to Bar Americans from Costa Rica.

As soon as the American interests had secured control of the oil lands, President Gonzalez proceeded with unusual cunning to conspire against them. His first step was to discourage them by claiming that the oil titles would lapse a year later and that he therefore strongly advised against investing therein. He so cabled and wrote to his Minister in Washington, Dr. Roberto Brenes-Mesén, a very estimable gentleman, profound scientist and philosopher of the highest standing. The following cable and letter from Gonzalez to his Minister, sent in March, 1915, are interesting.

Cable:

"Rights denounced. Their termination is on April 26th of next year. Extension requested by Rafael Montufar. I replied negatively. The business can be arranged directly with the Government of Costa Rica."

The rights denounced are the oil lands which the American group had acquired. Rafael Montufar was the agent of the original owners.

Letter.

"The petroleum question is one of great importance to us, inasmuch as it constitutes one of the strongest hopes of the state. The so-called National Company is thinking of exploiting the industry. That Company is represented in New York by Rafael Montufar, but I understand that it will not be able to negotiate upon the basis of petroleum for the simple reason that the term for the practical establishment of the industry lapses on April 26, 1916, according to the decree of April 18, 1914, and more time would be required to deal with any American company, inasmuch as the local company has no capital. The National Company has tried to secure the granting of an extension until two years after the signing of the European peace, so that its right may not lapse, but I have refused this extension. At any cost I want those denouncements to be terminated, so that, in accordance with the law, all the petroleum deposits in the country remain the property of the state. Therefore, I believe that in view of this status, it is only from the Government that petroleum mines may be definitely secured."

It is interesting to point out the similarity between President Gonzalez' petroleum policy, as outlined in this letter of four years ago, and the attitude assumed in the oil question by President Carranza of Mexico.

Gonzalez was well versed in the German "scrap-of-paper" theory. He

realized that by refusing to deal with Americans of standing he would exhibit himself openly as anti-American, especially after he had crossed the thin ice of the Telefunken case. He invited the United States group, therefore, to enter into a special contract with his Government and abandon the privately acquired lands. The agreement was so framed as not to be valid without legislative approval. His sly scheme was evidently not to submit such a contract to Congress until after the lapsing of the acquired rights, and then use pressure upon Congress to have the American concession rejected, thereby leaving the American interests "high and dry." That this was his plan is fully proven by subsequent events. His first step was to officially suggest a contract with the Government, as shown by the following letter of March 13, 1915, from his Washington Minister, Dr. Brenes-Mesén, to the oil men:

> "In accordance with the reply from my Government, I desire to inform you that the rights represented by our mutual friend, Mr. Rafael Montúfar, will lapse in the coming year, and even though a negative reply was given to a proposition for an extension, the Government of the Republic is well disposed to arrange the business directly with the Company to be formed here. It appears to me, therefore, that it would be best not to lose time, and, for that reason, as well as on account of the offer which I have made to you and to Mr. Stelling, I hasten to advise you of the attitude of the Costa Rican Government in regard to this business, which I trust will be lucrative for you, so that it may likewise be for my country."

It has later been convincingly shown that Dr. Brenes-Mesén, who signed this letter, trusted the good faith of his Government and had no knowledge of Gonzalez' wily anti-American schemes. At that time the writer himself had no reason for in the least doubting the sincerity of the Costa Rican Government, the Minister's personality alone being sufficient to invite full confidence. Gonzalez' plan was therefore accepted, and the Costa Rican Legation extended to the oil men official letters of introduction to the President of the Republic and the Minister of Foreign Affairs.

Two months later, Mariano Guardia, Secretary of Finance in the Gonzalez Cabinet, arrived in this country authorized by the President to work out the oil contract with the American group. The Costa Rican Minister in Washington thereupon sent Mr. Guardia the following letter on May 28, 1915:

> "Being greatly interested in the petroleum business of Costa Rica for what it will probably mean for our country, I would ask you that you communicate, on your arrival in New York, with Mr. Washington S. Valentine, 17 Battery Place, a prominent person, who forms part of the Company. I believe that you can take with you to Costa Rica excellent news and perhaps a definite arrangement

advantageous for Costa Rica and for the Company to be formed here."

Numerous conferences were held by the American oil men with Mr. Guardia, as agent for the Gonzalez Government, and eventually a contract was framed, agreed upon and handed to Dr. Brenes-Mesén, who, having resigned his Washington post, was returning to Costa Rica. The capitalists were unwilling to proceed there themselves unless Gonzalez would signify his prior approval in principle of the oil contract as drafted. This the President did, as shown in the following letter from Dr. Brenes-Mesén, dated Costa Rica, June 22, 1915; to the oil group in New York:

"It gives me much pleasure to confirm my cable of this day, which, with its only word 'Success', has revealed to you that the negotiations entrusted to me have been accepted by the President of the Republic.

"He has agreed to deal directly with the American Company, with the understanding that that Company, in turn, will deal with the Compañia Nacional quite independent of Government action. That is to say, the Government maintains its attitude towards the latter. It will not extend the concession contained in the denouncements, but the Government believes, as you and I do, that it would be well for the American Company to interest the Compañia Nacional in its business, on the one hand because in this manner the work will begin immediately, and on the other, on account of the ties of sympathy which will thereby be established between natives and foreigners, this constituting a strength the value of which you will know how to appreciate.

"Inasmuch as the Pearsons (British concern), according to the President's statement, offered a 10 per cent. and a 12 per cent. royalty, I deemed it prudent to state that you would have no difficulty in dealing upon a similar basis * * *."

In August, 1915, the American principals arrived in Costa Rica and were well received by the President and the officialdom. However, Gonzalez did not like the tentative agreement as drafted in New York, and personally drew up another. Lengthy discussions followed with the President and the Minister of Public Works; amendments were agreed upon and, finally, on September 23, 1915, a contract was signed by Mr. Greulich, heading the United States group, President Gonzalez, and the Minister of Public Works, Enrique Pinto. This contract was recorded in the official book containing government initiatives, with the following closing phrase:

"* * * In faith whereof the contracting parties subscribed hereto at San José, on September 23, 1915, Enrique Pinto, L. J. Greulich, San José, September 23, 1915. *The foregoing contract is approved, Gonzalez.* The Secretary of State in the Ministry of Public Works. Pinto."

The Waldorf-Astoria.

New York, 17 de Dic. 1915

Mi querido Alfredo

Acabo de recibir una de tu carta de ayer, que he leído con gusto, hoy quiero hablar contigo de cosas políticas y muy públicas.

Creo que he dicho que no soy el hombre político y tan continuamente que lo repito es que lo soy efectivamente y que para mí es imposible de imaginar cosa alguna que cuelte menos trabajo y me desagrade más que la política y figurarme.

Este es el mejor trabajo que se les puede dar a tus detractores que se han encargado de la manera más triste. Sobre todo, mi querido Alfredo, creo que mi fe de carácter que asistirá a la Presidencia una buena parte

MANUEL CASTRO QUESADA, WASHINGTON MINISTER, TO PRESIDENT GONZALEZ.

" New York, December 17th, 1915.

" My Dear Alfredo:

" Yesterday I wrote you a long letter on purely personal matters; to-day I want to discuss with you political or, rather, public affairs.

" Before all, a big hug for the complete and overwhelming triumph that you have had in the elections and which, to the greater discredit of our enemies, was superior even to what you had figured on just before.

" This is the best muzzle for your opponents who have exhibited themselves most sadly. Above all, Don Rafael. That a party chief aspiring to the presidency should not have * * * "

The elections mentioned are those of Congressmen where, through the suppression of free suffrage, Gonzalez had been successful in securing what he considered a safe majority. There follows a diatribe against Rafael Yglesias (Don Rafael) who had been President for eight successive years, leaving his high office poorer than when he assumed it, after having given wonderful impulse to the development of his country.

President Gonzalez then presented to Mr. Greulich the pen with which the document had been signed. Handshakes. Entertainments. Pleasant words. And Mr. Greulich returned to the States to make his financial arrangements and assemble his geological staff, drilling outfits, etc.

A contract of this sort, for the leasing and development of national wealth, requires the ratification of the Legislature. President Gonzalez promised to secure this within a few weeks, stating that the matter should be left to him, as he knew how to handle his Congressmen and expected no trouble whatever.

The writer, with his family, remained in Costa Rica, in charge of the petroleum interests, and formed a cordial friendship with the President and other prominent Costa Ricans. Invitations were plentiful, Don Alfredo making himself very agreeable.

. . . . . .

Weeks passed pleasantly but Gonzalez made no sign of convening Congress for the approval of the grant.

> "That is all right," he said to the author "you may go ahead getting your machinery down here. I shall call the Legislature in a few weeks to ratify the concession."

Watchful waiting and, finally, another attempt to have Gonzalez carry out his part of the agreement.

> "The trouble is this, my dear friend," he said, "I am afraid of a group of Congressmen who want to oppose everything I do. Here are their names. Talk to them and have them sign a statement wherein they obligate themselves not to discuss politics when I convene them for the oil matter, and to limit the discussion solely to your contract."

The author agreed to do this and, a few days later, was in position to present to the Executive the following document signed by twenty-two out of a total of forty-three Congressmen, a sufficient majority to pass the measure:

> "San José, October 9, 1915.
>
> *"The Editor of 'La Información', City.*
>
> "Dear Sir—In today's issue of 'La Información' there appears an interview with the Minister of Fomento, wherein the possibility of calling Congress into extra session is considered, for the purpose of taking cognizance of the recently signed contract for the exploitation of petroleum mines.
>
> "Recognizing the importance to the economic life of the country of the petroleum, the Minister of Fomento expresses the advisability of dealing with the matter at once, in order to have that rich industry established on our soil as soon as possible; but he states that, owing to special circumstances, the Executive will not convene Congress at present.

" Your paper inquires what these special circumstances are which prevent the Executive from calling Congress at this moment and whether among them may be counted the fear that politics will be injected into the petroleum issue?

" We deem it our duty and a matter of self-pride to clear the doubts of your paper and, through it, *make* it plain to the country as a whole that we declare very emphatically, in order to safeguard our position as representatives, that we have never attempted in Congress to carry on a systematically hostile policy against the Chief of State.

" The present case of the petroleum contract makes it clear to us that not only is it not a matter of imposing new taxes upon the citizen but, quite the reverse, it creates an additional fiscal income, a new source of wealth for the Republic. This is enough to make us in Congress consider the matter from the patriotic viewpoint and, in nowise, with a feeling of political partisanship.

" Let this be the opportunity for us to state that, if the Executive calls Congress into special session to debate the petroleum contract we shall do nothing but examine it, our minds free from all ideas of politics, and if, as we trust, it is satisfactory to the country, approve it.

" We remain, dear sir,

" Yours very truly,

" For myself and for Lic, Francisco Faerrón,
" Luis Anderson,
" Leon Cortés,
" Juan R. Flores C.,
" Juan Ma. Solera,
" Aristides Aguero,
" Arturo Volio,

" For myself and my brother, Napoleon Briceño,
" Leonidas Briceño,
" Jenaro Leiva,
" Alberto Vargas Calvo,
" Leonidas Pacheco,
" F. Aguilar B.,
" Carlos Durán,
" Manual J. Grillo,
" Carlos Leiva Q.,
" V. Lachner Sandoval,
" Marcial Alcizar,
" R. Jimenez S.,
" Rafael Calderón Muñoz.

"Neither systematic nor any other kind of politics against the Government in Congress.

"F. DE P. AMADOR.

"The undersigned agrees that Congress be convened in special session for the purpose of considering the petroleum contract recently entered into between the Government and an American company.

"R. RIVERA B."

The signatures include those of prominent Costa Ricans, wealthy, of absolute integrity and high professional standing as lawyers, physicians and diplomats. These men, certainly above reproach, signed the appeal to the President because they considered the exploitation of the Costa Rican oil fields by American capital as the most feasible means of providing new revenue to the depleted treasury, without resorting to the creation of new taxes.

This document placed Gonzalez in a peculiar plight. He never expected that a legislative majority would sign so strong and binding an appeal. If he acted upon it, the American grant was certain of approval. How prevent it? It was the acid test of his good faith under which his gilded veneer dissolved. Nice words, pleasant smiles and a picnic were his diplomatic reply, and the irresistable request, as a personal favor, that the matter be delayed a little longer.

"Early in December," he said, "that is to say, only five weeks from now, there will be an election of Congressmen and half of the present Legislature will be out of a job. The new half to take their place will be mine—only mine," and he smiled slyly. "I promise you that I will convene Congress immediately after the Congressional elections, and your contract will then go through flying * * *."

What else was there to do but wait? The writer then had no reason for doubting the President's sincerity clothed in his charming and deceiving personality. An Englishman, a Frenchman or a German would have been assisted by his Government in such a case, through the Legation's friendly offices; but for an American classified as a "concession hunter" under President Wilson's interpretation, what chance on earth was there, however willing our envoy?

Nevertheless, the writer deemed it wise to make the attempt and inform the State Department of the situation, by writing on November 9, 1915, a letter to Hon. Edward J. Hale, American Minister to Costa Rica, wherein, after submitting a copy of the petroleum concession and pointing out that the Government of Costa Rica was receiving thereunder as

large a royalty as any holder of oil lands in the States, the following statement was made:

> "* * * His Excellency, the President of Costa Rica, has expressed to me his desire of obtaining a speedy congressional approval of the concession. He considers it of immense value to the country, as indications warrant the hope that the petroleum income will eventually become the largest source of wealth in Costa Rica. However, there being evidence of peaceful but strong political disturbance in view of the pending congressional elections, His Excellency preferred not to risk distortion of the petroleum contract by dissatisfied political elements in Congress. He intends to submit the concession and urge its approval about the middle of December next. His Excellency, as well as his Cabinet, feel very confident that the contract will be approved by Congress without difficulty. My own impression is equally favorable, as, after discussing the matter with a majority of Congressmen, I found unanimous approval.
>
> "We have acquired about 98 per cent. of all existing private petroleum rights totalling about 1,000,000 acres. Consequently close to 1,000 Costa Rican families are interested with us. This seems to have created general harmony, as the people have become convinced that our policy will not be one of absorption and monopolization, as occurred unfortunately in other large American enterprises in Central America, but a policy of collaboration and harmonization.
>
> "I must add that our enterprise is thoroughly and purely American, composed solely of Americans, and will be organized and financed in the United States."

On November 25, 1915, the author wrote to Herbert Noble, a New York attorney, among other things the following:

> "* * * The personal relations which it has been possible for me to cultivate with the President have enabled me to talk with him from time to time about pending matters. My conclusion is unchanged, that he is absolutely sincere and very well disposed towards the petroleum contract. His intention still is to call Congress together to settle this and your banana contract, as soon after the coming elections as he considers the various rebellious political elements sufficiently quieted down. He has explained to me fully matters pertaining to internal politics, evidently with a view to making us realize the advisability of not convening Congress before the end of December or the beginning of January."

December came. The congressional elections, or rather quasi-elections, were held, and, by deliberately suppressing free suffrage, Gonzalez secured what he thought was a safe Government majority. . . . The Germans

considered themselves, therefore, stronger than ever. The Kaiser's plans had made as rapid strides in Costa Rica, the President and his Hun côterie thought, as the German troops on the Western Front . . .

Immediately after the Executive had thus strengthened himself in Congress, his attitude towards the American oil enterprise changed as if by magic. Kümpel, the Rasputin, Altschul, the German Krupp Agent, Petters, the Hun advisor, and Dieguez, the counsellor and agent of European petroleum interests, had been in frequent conferences with him, as was later disclosed, and that had sealed the immediate fate of the American grant. The author's letter to Herbert Noble, of December 23, 1915, explains the impasse more fully:

> " I had about a two-hours' talk with the President. The various points discussed are so eminently important that I shall enumerate them, as I recall them:
>
> " 1. The President stated outright that he would not convene Congress before next May, as the convening of Congress now would mean to again give Congress, of which the opposition holds a majority, a chance to attack the legality of the recent elections on the ground of Government pressure.
>
> " 2. I expressed my surprise to the President and said that on the strength of his promise to me prior to my departure for Panama, I had cabled you that Dr. Greulich had made his preparations accordingly, and that, therefore, the sudden change of decision would cause grave damage to the enterprise.
>
> " 3. The President's reply was that there were other reasons, apart from *raisons d'état,* which had firmly decided him not to convene Congress before May, the principal reason being that most of the Government officials, Congressmen and private parties, who had spoken in favor of the Greulich contract, did so, not for patriotic reasons, but because they were personally interested.
>
> " My pleasant personal relations with the President permitted me to interrupt him indignantly at the inference, but the President immediately stated that I had misunderstood him, that he fully recognized that we had acted most correctly in the matter from beginning to end, but that many important people were interested in the petroleum through the Compañia Nacional, the shares of which are widely distributed, and that the Cia Nacional had become valuable through our contract with it.
>
> " I replied that it was the President and the Minister of Fomento who had insisted that a clause be inserted in the Greulich contract safeguarding acquired rights. The President did not let me go on, but said that he understood very well that our contract with the Cia

Nacional was prompted by good business policy, and that he, in our place, would have acted in the same manner; that is to say, by acquiring all existing rights, regardless of their value, merely for the sake of good feeling. What he meant, he said, was that speculators had taken advantage of the situation and bought shares and that he did not propose to play into their hands by having our contract approved now. I thereupon called the President's attention to the fact that, after April, the situation would be identical, as our contract with the Cia obligated us to pay it its 2 per cent. *after* as well as *before* next April * * *.

"5. I explained * * * that based upon the President's promises Dr. Greulich had made his preparations by organizing, etc., and that delay would cause serious difficulties.

"6. The President thereupon made the surprising statement that he did not consider our contract as beneficial to the country, that the development of petroleum in Mexico and Venezuela had caused detriment to those countries, politically and otherwise, that it meant the concentration of too great an individual power; that, therefore, he was not at all eager to see the petroleum developed. I replied by comparing the Mexican Pearson contract with the Greulich contract, showing the maximum of control which, through its arbitration clause, the Government would hold. I asked the President to name the points which caused him the fear expressed, and he referred to our right to cross and use all rivers, build telegraph lines anywhere, the public utility feature, etc. My answer was that this really was a matter for proper limitation and language and that I considered the Greulich contract as amply covering it. The President thereupon made further argument unnecessary by agreeing that these privileges had been sufficiently limited and defined in the Greulich contract, and that in his remark he merely referred to liberal concessions generally.

"* * * The President hastened to state that he was generally in favor of the contract, inasmuch as it had been based entirely upon the Pearson concession in favor of which he had been at the time of its presentation, and that, therefore, he had signed the Greulich contract. * * *

"I truly believe that the President *thinks* he is acting quite correctly towards us—the idea being that an American must be treated exactly as an American is usually pictured to the Latin as dealing toward him, in other words, unscrupulously. To promise everything and keep nothing appears to him as absolutely honest, as he considers that to be the American viewpoint.

"I really think that we have made a serious mistake in considering the President as frank and straightforward from our standpoint."

A few days later, on December 27, 1915, President Gonzalez felt sufficiently justified by the advance of the German armies on all fronts to come out publicly with an attack against the Monroe Doctrine. The German propaganda paper "El Imparcial," then fully recognized by everyone as jointly owned and controlled by the Gonzalez Government and German interests, and as the semi-official mouthpiece of Gonzalez, Kümpel and other Germans, published a sharp editorial in Spanish and English, containing the following passages:

"* * * *nor would the Government of Costa Rica have ever accepted the interpretation that some American business men want to give to the Monroe Doctrine, in order to entirely control, for their own benefit, the wealth of this continent to the exclusion of European capital and enterprise. Were Costa Rica, which is a small country, forced to accept this Japanese interpretation of a 'closed door,' such would not be the case with Great Britain, which is a powerful country and which would never have stood for it,* as its acceptance would have meant the absolute renouncement on the part of the British to employ their energies and invest their capital in America.

"It has been rumored that the Administration will call Congress into special session on the 15th of January in order to discuss the subject of the oil grants. This report is also false. The concession granted to the National Oil Company will expire in the coming month of April and the Congress of May will be the one called upon to consider said contract which, even if signed by the President, still requires the formal and definite ratification of Congress which probably will refuse to grant those concessions as the contract which is apparently advantageous for the country is in reality unacceptable * * *

"*These oil fields being located near the Canal Zone, Costa Rica could easily supply fuel to merchantmen and warships, and the region of Talamanca would rapidly acquire the importance of the Tampico region in Mexico, the wells of which were confiscated about six months ago by the Carranza Government, which has now been recognized by the United States and by the governments of the countries comprising the Quadruple and the Double Ententes.* * * *

"Some will ask: Why is it then that the Adminstration accepted that contract with Messrs. Greulich, Noble and Valentine and will submit in due course to Congress? The answer is obvious: The Administration fulfills its duty in referring to Congress such important matters which need the amplest study of both branches of the Government. *This does not mean that the Administration absolutely recommends this contract in the manner customary in a project acknowledged and adopted as emanating from the Executive himself.*

" * * Fate has not yet said the last word in reference to the future of these wonderful countries."*

With remarkable effrontery, Gonzalez disclaimed that he himself had invited the American group to come to Costa Rica and personally elaborated the contract. This opened the writer's eyes and he began to suspect that he had been bluffed by the President. Upon calling on him and, in the same friendly spirit which had existed between them, asking him for an explanation, Gonzalez was surprisingly frank in stating that he was opposed to all large American enterprises.

This, it seemed, was the time for our Legation to use its good offices, and, on December 30th, 1915, the author addressed a letter to the American Minister saying, among other things, the following:

"* * * The President claims that if the present Congress is convened, it will result in a political fight against the Government in view of the outraged condition of the country as a result of the electoral pressure at the last congressional elections. This is incorrect, as I have the written and public promise of the majority of the present members of Congress not to occupy themselves with politics when the petroleum contract is presented. This statement was given to me voluntarily, as the people consider the exploitation of petroleum without delay as a vital point in providing revenue during these critical financial times in Costa Rica. If the President refuses therefore to convene Congress now as promised, it is due to his decision to prevent the approval of the contract.

"On December 27th last, the enclosed editorial was published by "El Imparcial" (the government paper).

"I saw the President about it and he told me that the editorial was practically dictated by him; that he meant every word of it; that he had no reason for being guided by the wishes of the United States; that he had no reason for giving American interests preference in any way and that, after the termination of the European War, Costa Rica might be in an entirely different position strategically. That is what he refers to in the underscored passages of the editorial. He said that if England or any other European country wanted the Costa Rican oil and coal, there was nothing to prevent him from granting any concession desired. * * *

"My strong impression is that any official or unofficial interest shown by you in the approval of the Greulich contract will result in the immediate change of attitude on the part of the Government.

On January 1, 1916, the author wrote to the American minister again, as follows:

> "The President of Costa Rica thereafter told me that he would see with displeasure the establishment of large American enterprises in Costa Rica, as the United States would thereby acquire too great an influence, dangerous to Costa Rica in view of her strategic position. He insinuated that, after the termination of the European War, European capital might be obtained on better terms.
>
> "The President of Costa Rica later repeated this statement to others. * * *
>
> "Through great pressure, the President of Costa Rica * * * recently elected a Congress composed of Government tools, following Government suggestions blindly. Its first regular session will be next May. The President of Costa Rica, to discharge his responsibility, wants to present the Greulich contract then in such a manner as to have Congress reject it.
>
> "If the present Congress is called immediately * * * the Greulich contract will be approved, as the whole country is warmly in its favor and as the present Congress represents the people impartially."

Another letter of the same date, to the American minister contains the following passages:

> "I had a very confidential conversation with the Minister of Finance and Acting Minister of Foreign Affairs. He disagrees entirely with the change of policy on the part of the Government and considers the evident unfriendly attitude toward American enterprise as dangerous for Costa Rica. He considers the Greulich contract as absolutely binding on the Government, inasmuch as the President himself drafted the contract, as can be seen from penciled annotations in his own handwriting, and highly approved of it, satisfied that he had obtained a good bargain for his country. He emphasized the fact that this contract was the outcome of months of work, of discussions between the Government officials, Dr. Greulich, Mr. Herbert Noble and myself and that the President had formally promised, not only to ourselves but to many persons of good standing, Congressmen and his Cabinet, that he would convene Congress in special session directly after the election of December 5th. The Minister also stated that he considered the editorial referred to (of December 27) as offensive to the United States and Americans generally and that he would never subscribe to such a fatal policy. He added that the Government of Costa Rica was bound by word of honor and international custom to fulfill its promise of convening Congress early in January for the purpose of ratifying the Greulich contract and present it with a strong message of recommendation. * * *

"The President of Costa Rica yesterday expressed to Dr. Saturnino Medal, Justice of the Central American Peace Court, views similar to those he gave me on December 27, regarding the undesirability of large American enterprises * * *."

Realizing that serious complications were threatening, the writer made a further attempt to reach a friendly solution and on January 6th, 1916, wrote to the President the following letter:

"As I had the pleasure of stating to Your Excellency, Mr. Greulich went ahead, immediately after your Excellency signed the petroleum contract, with the organization and necessary preparations regarding machinery, experts, etc., as the said contract appeared so well received in official and private circles as to fully justify such preparations.

"It would appear regrettable to me if, as a result of existing circumstances, on the one hand, your progressive country would be deprived of the immediate development of a new and probably very large industry and, on the other, Mr. Greulich would be obliged to withdraw his organization with financial loss. Therefore, it has occurred to me that Mr. Greulich might begin, under the respective mining laws, to work the oil-bearing private lands acquired by him, before next May, preferably at once.

"Nevertheless, I would not like to advise Mr. Greulich to go ahead if, for any reason, Your Excellency would see with displeasure the immediate development of the petroleum industry in the regions of the acquired rights.

"Therefore, I have taken the liberty of asking your Excellency's opinion with all frankness and confidence, and I hope that he will be so kind as to give it to me, so that I may advise at once Mr. Greulich by cable.

"With my best regards and repeating my sincerest wishes for a happy New Year, I have the honor to remain, etc."

The President was forced by this letter into a tight corner, therefore decided to play the wise statesman stunt, as advised by the Kümpel clique, and replied on January 7th as follows:

"The contracts which the Executive signs require for their validity the approval of Congress. I think, therefore, that to carry them out before proper legislation is premature.

"As to the other rights which Mr. Greulich may have, not emanating from the contract pending legislative approval, I see no objection to his carrying them out in the manner which he may

deem best, especially if he does so according to the law guaranteeing those rights.

"This answers your favor of yesterday and I take advantage of this opportunity to wish you and your distinguished wife every kind of happiness during the year just commenced."

Upon the receipt of this letter the author called on the President and expressed to him his satisfaction therewith, informing him at the same time that, based upon the license it contained, he had advised his principals thereof by cable and that geological and drilling operations on the privately acquired oil zones would be commenced at once, regardless of the approval or rejection of the concession. Gonzalez replied that the American group was free to do so, and this was taken as an assurance sufficient to warrant the operations. The geological and survey work was organized, drilling machinery sent down and a large amount invested in the development of the privately owned properties.

With the advance of the German troops in Europe, triumphantly announced in glaring headlines and pretentious editorials by El Imparcial, the President thought it wise to further fortify himself politically. The coming two years were to witness the success of the Pan-Germans and the consequent development of Latin America by the Deutsche Bank and the Hamburg-American Line interests. Gonzalez thought that he had secured the control of Congress. Would he be suffciently strong to force legislation down the throats of his deputies in the face of strong popular opposition? Kümpel and his staff found the solution. Prior to his ascension to the Presidency in 1914, Gonzalez had assumed to cancel the campaign debt of the Fernandistas party to which he belonged.

"Don't pay it," said Kümpel, "seize and keep the documents guaranteeing the debt. They bear the signatures of the most important Fernandista deputies and other valuable political elements. Hold the documents as a club over them. They are poor and you can break their neck financially if they do not obey you."

Gonzalez accepted the suggestion and the agreement with the political friends who had lifted him into the presidency became a scrap of paper.

But how get the documents? Easy! What is a constitution among friends? The writer's letter of January 1st, 1915, to the American Minister in Costa Rica, explains how it was done:

"I refer to the failure of the Commercial Bank of Costa Rica. Part of the gold reserve of that institution had been converted illegally into bonds of the Northern Railway Company of Costa Rica. * * * Maximo Fernandez claims that the campaign expenses amount to 420,000 colones. * * * The sum of 150,000

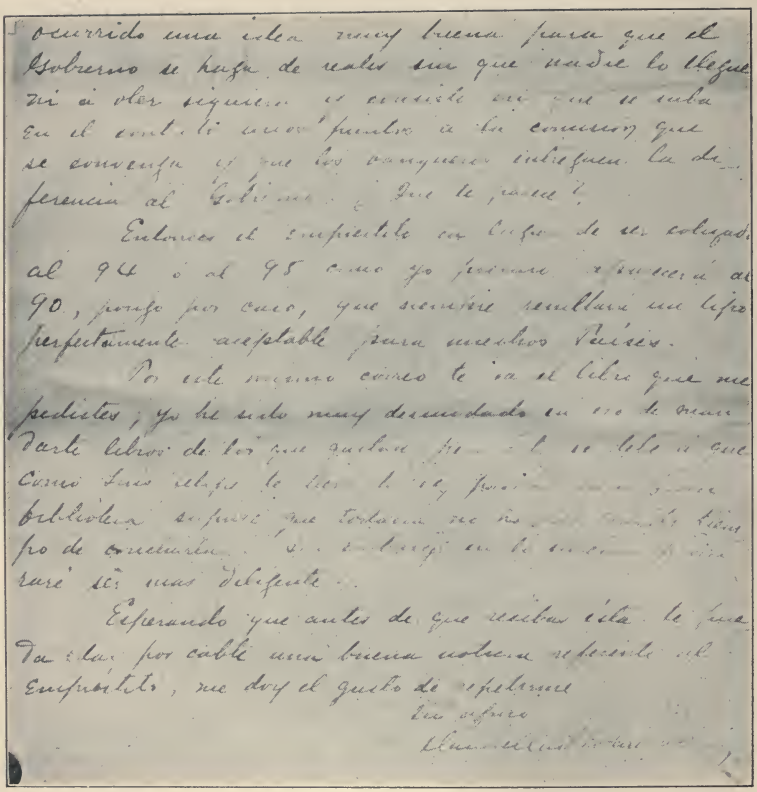
colones, however, Maximo Fernandez induced the Commercial Bank to furnish against a joint note of all the interested Republicans guaranteed by M. Fernandez. For the purpose of raising that sum, the Commercial Bank mortgaged to British bankers the bonds of the Northern Railway of Costa Rica, which formed part of the reserve, as stated above. When the Commercial Bank failed, the note referred to of 150,000 colones was among its assets. It was then long overdue. A settlement was made of the affairs of the bank by which its affairs, including all its assets and liabilities, were turned over to the Government Bank, the 'Banco Internacional,' of which an American of absolute integrity (Mr. Walter J. Field) is President.

"About ten days ago, the President instructed the receiver of the Commercial Bank, Mr. Ross, to request Mr. Field to deliver to him the note of 150,000 colones referred to. Mr. Field refused, stating that he was responsible for the affairs of the Commercial Bank and that, therefore, he could not deliver any part of its assets unless President Gonzalez would relieve him of all responsibility by requesting him in writing to deliver the note. This the President did and Mr. Field turned the note of 150,000 colones over to the President. This means the disappearance of 150,000 colones from the assets of the Commercial Bank without reason or accounting, especially without the deposit of an equivalent value. * * *"

Feeling stronger still as a result of this high-handed move, Gonzalez thought that he might as well show the United States where it stood. The author's letter of January 6th to the American Minister gives a good idea of the President's stand taken towards our country:

"Allow me to repeat to you the information given me this morning very confidentially by the Minister of Finance. He had had a recent discussion with the President regarding the petroleum matter. The President acknowledged that he had inspired the editorial referred to in my previous letters. Among other things, he expressed dissatisfaction with the attitude of the U. S. toward Central American affairs, referring particularly to the limit question between Costa Rica and Panama, the President being exasperated owing to the delay on the part of the U. S. in carrying out the White award.

"The President said that he would express this view to the U. S., as also his view regarding the intended establishment of a Pan-American Court of Arbitration now discussed at Washington. 'How can Costa Rica,' he said, 'be expected to favor such a thing, if the existing arbitral awards are not carried out?' The President



ocurrido una idea muy buena para que el
Gobierno se haga de reales sin que nadie lo llegue
ni a oler siquiera es consistir en que se suba
en el contrato unos puntos a la comunidad que
se convenga y que los empresarios indemnicen la di-
ferencia al Gobierno. ¿Que le parece?

Entonces el empréstito en lugar de ser colocado
al 94 o al 95 como yo pienso y espero, será al
90, pongo por caso, que siempre resultará un bene-
ficio perfectamente aceptable para nuestros Países.

Por este mismo correo te va el libro que me
pediste; yo he sido muy demandado en esto de mu-
chos libros de los que quedan [illegible] no
[illegible] como [illegible] [illegible]
[illegible] [illegible]
[illegible] [illegible]
[

ANOTHER EDIFYING PLAN OF THE GONZALEZ CLIQUE TO MAKE MONEY SECRETLY.

From confidential correspondence between Manuel Castro Quesada, Gonzalez' Minister Plenipotentiary in Washington, and the President (December 17, 1915):

> "A very good idea occurred to me for the Government to make money without anybody being able to even smell it. It consists in raising in the contract a few points the commission agreed upon and for the bankers to deliver the difference to the Government. What do you think of it?
>
> "Then the loan, instead of being quoted at 94 or 95, as I am trying to arrange, would appear at 90, for instance, which would still be a rate very acceptable for our countries."
>
> * * * * * * * * * *
>
> "Hoping that before you receive this letter I shall be able to give you by cable good news regarding the loan, I am
>
> "Your affectionate
>
> "MANUEL CASTRO QUESADA."

The loan which Gonzalez was trying to obtain was to be of $2,000,000.00. The "special commission" which his group was thinking of getting "without anybody being able to even smell it" was therefore to amount to $80,000.00 or $100,000.00. That was at a period when the National Treasury had a hard time making both ends meet and even the salaries of the minor Government employees could only be paid in part.

la negociación por no poder ser después del 1.º
En aquellos días que no se fundían no saben
febrero. Buena me parece la idea pero
realización pues francamente no me fundo
car de que manera llegar a lograrse que salgan
1600 cajas del cuartel para la estación sin
que nadie lo perciba. Pero, en fin, lo que
mi parte no habrá ninguna dificultad en
dar el secreto.

La bebida de cebada me parece muy
mante pero no me fue posible conseguir
Garau; sin embargo sí creo que nosotros
actividad bien se puede despachar el artículo
El vapor del 7 de Enero que es en realidad
cha convenida.

El empréstito que estoy tratando con
Banqueros Trust parece tomaría buen
do; seguramente habría que subir la
5% que le había ofrecido a O'Neill o
condiciones mas onerosas que las que
yo pedido, ó ambas cosas á la vez. Pero,
mente, antes de llegar á la firma le
por cable de lo que se consiga para
si lo apruebas ó nó. El abogado con
Mr. Andrews; ya tu sabes que este

PLAN TO DEPRIVE NATIONAL TREASURY OF PROCEEDS FROM MUNITIONS SALE.

From confidential correspondence between Manuel Castro Quesada, Gonzalez' Minister Plenipotentiary in Washington, and the President:

> "* * * the Government wished to keep in complete reserve the negotiation, so as to be able to dispose of the money for such expenses as cannot and must not be made public. The idea looks good to me but not its realization because, frankly, I cannot understand how it is possible to have the 1600 cases leave the garrison for the station without anybody perceiving it. But anyhow, as far as I am concerned there will be no difficulty in keeping the secret.
>
> "The date of delivery seems very pressing to me but it was not possible for me to obtain an extension; but I think that by moving actively, the article can well be shipped on the steamer of January 2nd which is really the date agreed upon."

This letter, handwritten throughout, on the stationery of the Hotel Waldorf-Astoria, New York, dated December 17, 1915, consists of ten pages signed "Manuel Castro Quesada." In another section of the letter the details of the sale are explained. The price agreed upon was $30.00 per thousand and there were 1600 cases. The proceeds accruing to the Gonzalez clique would, therefore, have amounted to a handsome amount.

also said that he considered himself in no way bound by his signature to the Greulich contract and free to contract with whomever else he pleased. The Minister of Finance said that he would not subscribe to this view.

"I take it from these statements that the President's attitude in the petroleum matter is meant as a sort of retaliation against the attitude of the U. S. in delaying the carrying out of the White award."

In true autocratic fashion, Gonzalez decided that "l'état c'est moi." He needed money to carry out his designs and proceeded to get it. His chum and Washington Minister, Manuel Castro Quesada, was in the habit of writing him long-hand letters from the Legation in Washington, the Waldorf Astoria Hotel in New York, and the Legation's summer residence in Allenhurst, N. J. Extracts from the following correspondence, penned by Castro from the Waldorf Astoria on December 17, 1915, give a rather interesting idea of the "wheels within wheels" in our hero's entourage:

"* * * Before all, a big hug for the complete and overwhelming triumph that you have had in the elections and which to the greater discredit of our enemies was superior even to that which you had figured on just before. * * *

"I am preparing a cable for Mariano which says:

"'I have sold munitions at $30.00 a thousand. They must be shipped next week or the following. They must be consigned to Montero. Take the present labels off and mark them again "in transit New York—Europe." Telegraph me if you can.'

"The price, as I see it, cannot be better, especially if we consider that the first offer made to me was treating the article as if it were old metal. Possibly these munitions will be sold at the same price, if not more, than they cost 18 years ago. This business is due to Montero. The great knowledge which he has of people in New York allowed him to find a good buyer; and therefore, at the same time, as he lives in New York, I thought it was proper that the merchandise should not be consigned to me but to him. * * *

"The Government desires to keep the transaction in complete reserve, *so as to be able to dispose of the money for such expenses as cannot and must not be made public. The idea looks good to me but not its realization, because frankly, I cannot understand how it is possible to have the* 1,600 *cases leave the garrison for the station without anybody perceiving it.* But anyhow, as far as I am concerned there will be no difficulty in keeping the secret.

"The date of delivery seems very pressing to me, as it was not possible to obtain an extension, but I think that by moving actively,

the article can well be shipped on the steamer of January 2nd, which is really the date agreed upon.

"* * * The loan which I am negotiating with the Bankers' Trust seems to be progressing well. It will surely be necessary to raise the commission of 5% which I had offered to O'Neill or accept more onerous conditions than those which I had asked for at the time, or both things at the same time, but naturally, before signing, I shall report to you by cable whatever may be convenient so that you may inform me whether you approve of it or not. The lawyer upon whom I count is Mr. Anderson. You know quite well that that fellow is a tiger as far as money goes, and, in case the business is successful, his account will be very large, but, at the same time, he is very efficient and has an almost absolute influence over people of money. He shows himself very optimistic, and, inasmuch as soon after Christmas he will have to go to England for account of the Chicago packers to make a claim against the British Government for the seizure of various ships, he is pushing the matter as much as possible so as to have everything resolved before his departure. It should have been decided this week, but, unfortunately, Mr. Kent spent it in bed. He is the Vice-President in charge of the business and will not return to his office until Monday.

"As I cannot delay my return to Washington any longer, I shall leave Rafael here to discuss with Mr. Kent whatever difficulties he may present. At all events, he is much more efficient than I am, very well acquainted with the business, and, moreover, it may be said that he was its initiator.

"* * * A very good idea occurred to me for the *Government to make money without anybody being able to even smell it. It consists in raising in the contract a few points the commission to be agreed upon and for the bankers to deliver the difference to the Government. What do you think of it?*

"Then the loan, instead of being quoted at *94 or 95, as I am* trying to arrange, would appear at *90,* for instance, which would still be a rate very acceptable for our countries. * * *"

As soon as the American oil group, encouraged by President Gonzalez' express sanction, had commenced the development of its privately owned zones, the President started a vigorous campaign of opposition.

"You cannot proceed," he said, "because your rights have lapsed." His Attorney General was instructed to block the work by bringing one suit after another, and a strong legal fight began.

Many prominent American jurists express the opinion that Costa Rican lawyers are among the brightest on this continent. It is also known that the Courts in Costa Rica have always been fair and square, on the same ethical

level with those of the highest developed countries in our hemisphere. This is best illustrated by the fact that, in the little Republic mentioned, the Government has for a generation lost most of its cases. The courts are entirely independent of politics and many judges have held office for over thirty years. Under the 1917 constitution, the judges of the higher courts are elected for life, and the Supreme Court appoints the judges of the inferior courts.

As in this country, Costa Rica has a certain élite of lawyers whose opinions have almost decisive weight. The Governments preceding Gonzalez' were in the habit of abiding by the decision of these attorneys in intricate legal questions. The courts have always been guided thereby to a great extent. This élite is composed of various former Presidents who happen to be leading lawyers: Asención Esquivel, Cleto Gonzales Viquez, Ricardo Jimenez, J. J. Rodriguez and Bernardo Soto (now deceased), and such talents as Luis Anderson, who is Treasurer of the American Institute of International Law and was President of the Central American Peace Conference; Leonidas Pacheco and a few others.

As soon as the oil men's legal fight with the Gonzalez Government commenced, these lawyers were consulted and all of them, in brilliantly written briefs, upheld the American controlled petroleum titles. To relieve the reader's mind of any suspicion, it is pertinent to add that the fees paid them were nominal. The views of the eminent statesmen named could not be, and certainly were not, influenced in any way by mercenary motives.

Gonzalez made a futile attempt to counteract the weight of their opinions by personally influencing the judges.

" The good of the country dictates," he said to them, " that the American eagle be prevented from securing this strategic stronghold. You must, as true patriots, apply the law in this sense."

The courts, uninfluenced, decided in favor of the Americans in every instance, and the pro-German côterie was defeated in the first struggle.

In the meantime, the thinking public had become aroused. Over a thousand Costa Ricans had a royalty agreement with the concessionaire on the zones which they had leased to him. The President's fight was directed as much against them as against the concessionaire's enterprise. Gonzalez tried to compromise with some of the said oil zone owners by promising to " take care " of the most important ones among them if they would break their contracts with the United States group. Nobody, however, seemed to be disposed to bank upon Don Alfredo's promises, and practically everyone remained loyal to the Americans.

The author was justified in expecting that, with his legal victory, the fight would be over and that Gonzalez would bow to the decision of the tribunals. But far from it. On the contrary, he made it plain, privately and publicly, through the press and in conversation, that he would continue

to fight the American enterprise tooth and nail. The writer thought, therefore, that it was time to compromise, and approached the Executive with the proposition to abandon the concession entirely if the President would permit the peaceful exploitation of the privately acquired areas. It was of no avail. Gonzalez was insistent that American interests should not control a single drop of petroleum in Costa Rica.

The matter was thereupon taken up with the Costa Rican Legation in Washington, the interesting result of this step being shown in a letter from the Minister, Manuel Castro Quesado, of May 15, 1916; to the oil group:

> " I had the pleasure of duly receiving your favor of the 11th inst., and you can believe me that I feel very sorry that the matter which I so strongly urged and which the majority of the gentlemen of the Government of my country considered just and reasonable, has not yet been arranged.
>
> " I suppose that the delay has probably been on account of the many occupations which the President has had in recent weeks in preparing his message and the inauguration of the sessions of Congress, but, as soon as he is able to straighten out matters a little, he will certainly give favorable consideration to the petroleum business.
>
> " In the present message to Congress which I have the pleasure of sending you by this mail, you will find clearly expressed the ill-feeling which the President has towards the creation of new foreign enterprises in his country (see page 83) and that is the reason of his desire to limit as far as possible the existing enterprises, among which naturally is your petroleum enterprise.
>
> " I do not think that Lincoln is justified in supposing that a cable from me could induce the President to sign the proposed compromise. My views are well known to him and my visionary cabled phrases could hardly accomplish what I did not secure under most insistent and repeated conversations with him. Nevertheless, and solely on account of my deference for you, I have written a long letter by this mail to the President wherein I more or less repeat what I have personally said to him in strong language so often."

This letter contained the following inclosure:

" Extract From Message of Alfredo Gonzalez, President of the Republic of Costa Rica," Submitted to Congress on May 1, 1916.

" Are Large Foreign Corporations Beneficial to the Country?

" The incentive for attracting foreign capital for the development of the country, for the creation of large enterprises, is by many considered as the great remedy for curing the bad economic condi-

tions from which we are suffering. My opinion is entirely opposed thereto. Foreigners bringing intelligence and energy, who settle among us, whether they bring some capital of their own or of others, are welcome. Foreigners who, in this way, have come to our shores and identified themselves with the natives, have been an important factor in the great development; but to say that our reserve land, that the occult wealth in our sub-soil, should be given up, should fall into the hands of powerful companies who exploit them by means of employees and laborers principally of foreign extraction; who feel like foreigners in a foreign country; who sow no seed here and in some cases do not even attempt to learn our language; who in their offices in their dealings with the Costa Rican public use a foreign language and send their products out of the country to pay dividends and who in this way take from our soil a product entirely lost to the country—that these be a blessing to Costa Rica I absolutely deny.

"We constantly hear the cry that immigration should be fostered. This would mean that the public of Costa Rica is not capable of carrying out its own exploitation. If this were true, it would not be necessary to look up foreign capitalists to develop our country, nor would it be wise because, by so doing, it would increase the scarcity of labor.

"On the other hand, we hear complaints that there is no work, that there is misery; that the wages paid are so low that they do not even give a tolerably decent living to the laborer. If this is true, it shows that the population of Costa Rica is rapidly increasing and, therefore, requires expansion, and, in that case, it proves clearly that we should not give up the little reserve land that we still have."

The situation was difficult and an acute crisis seemed to have been reached. It appeared that the good offices of our Government alone could save the acquired rights. But how induce the State Department to aid a "concession hunter?" Our American Minister in Costa Rica, Major Hale, a civil war veteran, was certainly favorably disposed and active and would have aided very ably and effectively with his good offices, had he received the necessary instructions from Washington; but nothing came and he was powerless. Finally, briefs on the situation were presented to the State Department with a formal request for assistance, on May 26 and June 7, 1916, and Herbert Noble, a New York lawyer, wrote the author as follows:

"Enclosed please find copy of a brief which we are filing with the State Department, and a copy of my letter of transmittal to Mr. Polk.

"From this you will observe that I have discussed this whole matter fully with Mr. Polk and Mr. Wright, and, upon the facts stated by me to them (the same as the facts set out in the brief), they promised that they would instruct Mr. Hale to make an investigation, and that, if he found that what Dr. Greulich said was true, to at once make suitable representations to the Costa Rican Government to protect Greulich in his rights and to report to the State Department thereafter for further instructions if anything further was needed * * *

"You realize without my telling you that the Department as at present constituted takes everything with respect to American rights in Latin America with reserve."

Nothing came of it, however, as merely perfunctory attention was paid to the matter by the State Department, and the Gonzalez Government was permitted to continue its intrigues. The Costa Rican Congress, with its supposed Administration majority, convened, and the President was confronted with a new problem. The petroleum concession—his own initiative with his own signature affixed—was pending and had to be submitted to the Legislature for approval. He did not hesitate to send the concession to Congress because he felt sure that he held his deputies in sufficient control for defeating the measure. Therefore he went so far as to send a message of recommendation: "Study it carefully and approve it wuch such concessions and explanations as you may deem wise."

At about the same time, other competitive oil interests appeared on the scene. They all claimed to be American concerns, and there is no doubt that there were, among them, some of the largest and best known. One firm of New York stockbrokers, however, was acting for European interests. It was represented by Manuel Dieguez, a prominent Guatemalan attorney of pronounced anti-American tendencies who was closely identified with Alfonso Altschul, the German Krupp representative. It developed that Dieguez was the paid counsellor of Gonzalez, retained to attack the writer's interests and a member of the Executive's germanophile entourage.

The brokerage firm mentioned soon revealed itself as Gonzalez' recognized favorite in the oil tangle. The reason therefor was discovered later when it was shown that the New York house was merely the agent and cloak for European interests which, fearing the opposition of the Stars and Stripes, did not dare to show their face. A letter from a gentleman in London, acting for the European principals, to one of their representatives in Costa Rica, contains the following interesting passages:

"* * * All in all, as far as letters go, the impression is that the matter should have been commenced. The premature sending of the attorney was due to the cable in which you asked that he be

14, Bedford Row,
orthing, Sussex,
Mayo 1 de 1 1 .

Dr. Eduardo Uribe R.
San José

Eduardo: Recibí ayer tu carta de 1 del pasado. Observas que con las demoras de correo pierden las cartas su fuerza y oportunidad. Así es en parte. Pero la correspondencia queda siendo, en defecto de contacto directo, el único medio de dominar los problemas en negocios como estos. Una carta, por tardía que sea, proyecta a veces luz inesperada sobre los hechos esenciales. La mía a que me refiero fué oportuna para más de un efecto, como complemento de las que se recibieron al mismo tiempo de [illegible] con extractos de la correspondencia del apoderado a su principal allí.

En conjunto, hasta donde llegan las cartas, la impresión es que el asunto estaba por empezar. El envío prematuro del apoderado se debió al cable en que pedíste su envío. Decías textualmente "El apoderado general debe estar aquí en Abril". Así se le dijo a los agentes americanos y éstos, en vista de la difícil situación de tráfico, pasaportes, etc., se apresuraron a embarcarlo. Tanto mayor si su presencia te ha sido útil para los preliminares. Aquí se obraba, por otra parte, en concepto de [illegible] solo pedirías el apoderado cuando estuviera acordado el negocio y asegurado el apoyo de elementos suficientes para su aprobación. No dices, sin embargo, que a su llegada pudo él dar cuenta de que la cuestión estaba así planteada en sus términos más generales. El mismo confirma tu opinión de que habrá fuerte oposición por parte de otros [illegible] en vista de sus cartas a esta parte, tenemos tu posible convencimiento de que el contrato será firmado con el Ejecutivo e irá en breve al Congreso. Veremos qué pasa [illegible] allí [redacted], si lo posponen en obsequio a las [illegible] crías de política local, o si [illegible] con todo lo que importa, o lo rechazan [illegible] de opinión de su permanencia allá perdería [illegible] interino. Confío se despejen las [illegible] in más especiales. Si allá desean efectivamente atraer capital sano y serio, [illegible] abreviar la marcha de las cosas y darle impulso al país, deberían obrar lógicamente, acogiéndose a la oportunidad excepcional que se les brinda hoy. Pero allá, como entre nosotros, todo son intenciones y propósitos altisonantes y nada en la práctica. Así - debe ver. Son el eterno perezoso que cada tiempo [illegible] de hacer y a nada se resuelve. Y a todo esto nuestra suerte personal empantanada en esa [illegible] esta zozobra y desvencijada!...

Ojalá hubieras indicado las discrepancias entre la copia del contrato que tu recibiste y la que llevó el apoderado. El documento original me escrito en casa, en mi máquina. Se lo dicté, por las notas que venía redactando de días atrás, una tipista que enviaron de la oficina. Uno de los duplicados de este primer documento, te lo remití. Al enviar el otro a New York, notamos que tenía errores y se hizo copiar de nuevo para enviar copia limpia. A tí creo, - te remití también ejemplar de esta segunda copia. Puede ser sin embargo que no fuera así, limitándose a enviarte la traducción la cual fué copiada en la máquina de la oficina y no en la mía. En la traducción o en la copia original, tuve que hacer algunas enmendaturas, y las hice en tinta verde como esto presente. En todo caso, tanto a tí como a los agentes en New York, se les advirtió que ese documento, en una u otra forma, era un borrador con el plan general del negocio y quedaba sujeto a rectificaciones. Previendo de las [illegible] quise que en el largo intervalo transcurrido, y a medida que se estudiara el asunto, me recibieras o dieras remitir uno o más memorandums con observaciones, objeciones etc. para llegar así a un acuerdo cabal y obrar sobre hechos acordados y conocidos cuando fuera el apoderado. En el Dr. D. confiaba para esa tarea. Solo a última hora me doy cuenta de que él de ó de ser factor en la operación desde meses atrás. Tu comprenderás la utilidad de haber tenido un cambio de ideas constante sobre el negocio, aun cuando solo fuese para dejar aquí la constancia de que estaba en movimiento activo y no estado de [illegible] oculta. Pero esto es de órden secundario.. si sale el negocio.

Tu exigencia de colocación del dinero allá la expliqué a mi absolutamente en los términos que tu mismo usas en tu carta. "Uribe", les dije, "necesita poder llevar a los interesados, siempre escépticos en esos países en cuanto a efectividad de promesas

A LETTER REVEALING THE BRITISH PLAN TO SECURE CENTRAL AMERICAN OIL FIELDS.

To evade the restrictive effect of the Monroe Doctrine, strong British interests were acting under the cloak of a respectable New York stock brokerage concern. The preceding is a page of one of the letters exchanged between London and Costa Rica, wherein the European identity of the principals is shown. The American stock brokers are referred to as "American Agents" and the description is given of how the contract was drafted and perfected in London and sent to these "American Agents." Reference is also made to the necessity of depositing large sums of money in a Costa Rican bank, because "the interested parties, always skeptical in those countries as to the effectiveness of promises of this sort, must be taken to the bank to feel the money, and this is vital for success."

During President Gonzalez' fight against the American oil grant, the European interests were represented in Costa Rica by Manuel Dieguez, a member of the President's intimate côterie, and his paid advisor.

sent. You state textually 'The general attorney must be here in April.' The *American Agents* were so informed, and these, in view of the difficulties of traffic, passports, etc., made haste in sending him. So much the better, if his presence there has been useful to you for the preliminaries. On the other hand, everybody here was under the impression that you would only ask for the attorney *when the business was accepted and the aid of sufficient elements for its approval assured* * * *

"He himself confirms your opinion that there would be strong opposition on the part of others. From the date of his long letters until now, we have your cables announcing that the contract was signed with the Executive and would soon go to Congress * * *

"I wish you had indicated the discrepancies between the copy of the contract which you received and the one which the attorney took with him. *The original document was written at my home on my machine.* I dictated it to him from the notes I had taken for some time, to a typist which they had sent from the office. I sent you one of the duplicates of that first document. *In sending the other one to New York,* we noticed that it contained errors and it was copied again, so as to send it in clean shape * * *

"At all events, *I advised you, as well as the agents in New York,* that this document was, in one form or another, a draft of the general plan of the business subject to rectifications * * * I trusted Dr. Dieguez for this work. * * *

"Your exigency of depositing the money there I explained here absolutely on the same terms as you in your letter: 'Uribe,' I said, 'must be able to take the interested parties, always skeptical in those countries as to the effectiveness of promises of this sort, to the bank and make them 'feel' the money; and this is vital for success."

"They immediately took steps to obtain the required authorization and the bank cabled its manager there to find out whether it had the complete sum at its disposal, sending for the present the amount of the Government deposit. * * *

"The Government is going to receive three deposits of five thousand pounds each as a guarantee of the investment of twenty thousand pounds, fifty thousand pounds and one hundred thousand pounds respectively in the three periods of two, three and seven years in exploration and in exploitation. These sums so guaranteed constitute automatic guarantees that during these twelve years the contract is entirely in favor of the Government. If the twenty thousand pounds are not invested, the five thousand pounds are lost. *And once these twenty thousand pounds are invested, the one most eager to*

make the enterprise successful is the capitalist, who will then have already invested a total of about one hundred thousand pounds.

"You have said nothing more about Nicaragua. This matter, far from being rejected, was to be submitted and I was going to submit it at the first opportune moment in view of its importance. * * *

"*I do not know what you mean by 'possible economies based upon your local requirements to raise funds for payments' and I do not see how you can obtain such funds without the certainty of getting the contract. You certainly should not use your credit and resources for such a purpose. If there is a contract, those who should pay the money will pay it.* If there is none, there should be no problem of payments. As far as you are concerned, if there is a contract they promise here that they will send you very shortly the sum you ask for, as an advance on the total sum, and I see no difficulty in that respect.

"The question of shares, regarding which I wrote you various times, is different, and I, knowing the matter, insist thereupon. I have not handled the matter from its beginning for nothing and I am not talking through my hat. In your hands are the reasons for changing the agreement with detriment to your personal interests."

The above extracts contain an interesting mathematical problem requiring algebraic elucidation, viz., look for quantity "X." Five thousand pounds were to be deposited with the Government as a guarantee. Twenty thousand pounds were to be spent within two years. Hence, total investment after two years twenty-five thousand. But "once twenty thousand are invested, the capitalist will have *then already invested a total of about one hundred thousand.*" Difference seventy-five thousand pounds or three hundred and seventy-five thousand dollars, or quantity "X" looked for. Where? The reader may guess. . . .

It is important to note that the same European interests were going after the Nicaragua petroleum. Why, of course! The Monroe Doctrine should not be an obstacle. Let the Americans get an oil base along the proposed canal? Never!

To make a long story short. Congress was baffled by the tangle resulting from the presentation of these various propositions and, especially, by the peculiar urging on the President's part that Congress reject the American concession and favor that of the stockbrokers mentioned. Gonzalez was thereupon requested by the Legislature to appear before it and explain. Instead he sent the Minister of Public Works. The session was public and the Minister dared not commit himself in recommending the rejection of

a contract that the President and he had worked out and signed jointly. He had forcibly to stand by it and, as a matter of fact, did make a lukewarm sort of a defense.

To determine the issue, Congress finally requested the Government to have all of the competitors present their offers in writing within a reasonable length of time, the American group to be given an opportunity of bidding against them. This was done and, as a result, the writer was forced to materially increase the royalties payable to the State and add a great many advantages to the latter which had not been anticipated.

During this whole period the press had commented upon the situation very prominently. A strong popular sentiment had arisen against Gonzalez' mysterious stand. Costa Ricans have always prided themselves of their sincerity, honesty and fair play in dealings, especially with foreigners. There had never been a diplomatic claim against the country, and the word of their Executive had always been considered as final and binding. Gonzalez was deliberately destroying this noble tradition and the thinking and leading elements in the country rebelled at the thought. "El Imparcial," the pro-German Government organ, took up the President's side; the pro-Ally independent dailies, "La Información" and "La Prensa Libre," and the comic weekly "La Linterna" defended the writer's cause. Between half a million and a million words were devoted to the issue, which shows the importance it was given. This, and the fact that over a thousand Costa Ricans had their oil lands under lease to Gonzalez' victim-to-be, probably accounts for the fact that the President's majority in Congress was gradually slipping away from him. Finally, on August 12, 1916, Don Alfredo met his Waterloo, the American concession being approved by a vote of twenty-six against fifteen. Even the pro-German paper had to admit the finality of the American victory and announced in large headlines:

> "The Pinto-Greulich contract for the exploitation of oil in Costa Rica was definitely approved yesterday."

This should logically have ended the matter, but the Kaiser's troops were still victorious on all fronts—and the unexpected happened. President Gonzalez proceeded to sustain a novel constitutional theory worked out by statesman Dieguez.

> "The presidential functions are dual," he alleged, "that of 'President Administrator' and that of 'President Co-Legislator.' When I signed the Greulich contract it was as 'President Administrator.' Now I have the right to veto my own signature as 'President Co-Legislator!'"

And the amazing part of it was that he had the courage to do it. However, this new doctrine was so absurd and repulsive to the sterling

honesty of Costa Ricans that an almost unanimous feeling arose against such cheapening of the presidential word and signature. So strong was this sentiment that Gonzalez' own Minister of Public Works, whose signature was also affixed to the concession, refused to sign the veto. Under the Costa Rican constitution a veto being null and void unless the respective Minister countersigns it, Congress held that this veto could produce no legal effect. An intense juridic controversy resulted. The legal élite described before was once more consulted and again the prominent jurists comprising it, unanimously proclaimed the veto to be illegal and the concession as an irrevocable and valid law of the country.

So intense had public sentiment against the Executive then become that he thought of resigning. His German côterie, however, opposed this step and he had to hold out, considering at the same time the advisability of proclaiming himself Dictator. Were the Huns not making daily progress toward Paris, Petrograd and Venice?

Castro Quesada, Gonzalez' Minister in Washington, wrote the President from Allenhurst, New Jersey, on August 25, 1916, a letter containing the following interesting comment and advice on the subject:

> "* * * Nicholas says * * * that you are so downcast, so tired, so sick of all those miseries that you are thinking of abandoning the Presidency, if the matter fails * * * Pelico (nickname for Federico Tinoco, then Minister of War) writes me in a tone of despair and sadness, which really worries me because it is so unusual and so foreign to his energetic and aggressive character. He says nothing concrete, but simply that everything seems so black to him, so ugly, that he feels like running away.
>
> "Anyhow, write me, telling me whether those rumors are true and whether your depression is so great that you intend to resign. This worries me more than anything else because it would mean the definite delivery of the country to the shamelessness of the 'Ring' (this is a nickname for the political party of former President Cleto Gonzalez and other prominent intellectuals).
>
> "You may perhaps say that sad experience authorizes you to qualify our group as no less incapable and disastrous than the other groups which have governed us, and that, if you did take that step, you would have every reason for so doing. *But you must not forget that our group, of as ill repute as it may be, is our group.* Anyhow, inasmuch as it is all one trash, it is much better that our group rather than the others divide the bacon. * * *"

On September 19, 1916, he wrote the President as follows:

> "* * * The newspapers received this morning gave me an accurate idea of the conflict between Maximo (President of Congress) and yourself regarding the Greulich contract. * * *

"* * * The cable which Valentine showed me said that Congress had declared that your veto to the contract was void, it being contrary to Article 108 of the Constitution and that, therefore, the contract is already a law of the Republic.

"Moreover, a person, whose name I cannot give you because he spoke in strict confidence, showed me a cable saying more or less, '* * * All the ex-presidents declare emphatically that they sustain Maximo Fernandes (President of Congress), that thirty-two deputies are with him unconditionally, as well as the Republican party. * * *'

"You can imagine the impression this produced upon me. * * * Of course, whilst I am in this post I can take no part in politics, especially not against the Government. * * *

"* * * I now want to give you my impression concerning the business.

"If the majority of Congress deem the attitude of Don Maximo (President of Congress) correct, and such respectable jurists as the former presidents consider it likewise, you should, in my opinion, give in. *Otherwise it would mean a dictatorship with all its lamentable consequences, aggravated in this case by an international problem, inasmuch as Americans are concerned whom Congress and the thinking part of the country consider as holding legally acquired rights.*

"It was an earthquake, which did us much harm and, therefore, obliges us to preserve and improve what remains to us. Let the disaster at least be useful to us, so that on other occasions we may proceed with more caution and discretion.

"Yes, Alfredo, this matter was lost through the very bad manner in which it was handled. *You were stubborn in refusing to recognize the strong basis protecting Greulich* and refused to accept the compromise which reduced the damage to one-fifth. This is not all. * * * Then, in spite of the fact that you knew that your majority in Congress was pasted with saliva, when the moment arrived for you to speak frankly, to employ the moral authority, which the Government as such would have exercised over timid and vacillating friends, you sent Enrique (The Minister of Public Works) to Congress to say nothing—the diagnosis of the doctors' of the King who was crazy, the advice of Toledo to his son: 'Marry; do not marry.'

"Then happened what did happen. You had to lift the cathedral alone, with wonderful courage, but a damned detail of form, impossible to save because other interests entered into the game, tore down your titanic effort of the last hour.

"* * * And now, my dear Alfredo, let us give each other a hug to console ourselves mutually; you, on the shock which your patriotic sentiments and vanity as man and Governor have received by the sending of this unfortunate matter *and I—on what I shall tell you another time.*"

Gonzalez was stubborn, however, and influenced by his pro-German advisors. Give in to Americans? Never! But his Washington Minister was of a different opinion and wrote him on October 1st, 1916, urging him again to bow down:

"From the newspapers which I received last week, I see that some people are very desirous for a friendly settlement and that would really be the desideratum. With *a little trickery* it would, perhaps, be possible to have Greulich accept the compromise which I left in good shape, and whereby he would only receive Talamanca. To attain this end, it would be necessary to secure, or *make the bluff of having secured,* enough deputies who, as Congress, might declare that your veto is valid. But the legal question would then come up before the Courts. It is precisely before that discussion would come up that I think the compromise would fit in.

"I think that, otherwise, the thing to be done is what I stated in my foregoing letter: Give in on the petroleum in exchange for a formal promise to back the tax reforms. * * *

"I, of course, would remain with the Government or, rather, follow the Government, provided the latter remains within constitutional bounds; because the only thing which would make me separate therefrom would be a dictatorship if that should unfortunately happen. * * *"

There was only one road open for Gonzalez to win the issue, and that was to proclaim himself Dictator. This idea had probably been in the President's mind, judging from Castro Quesada's letters. However, the insistance of his Washington Minister and friend finally seemed to have the desired effect and, on October 29th, 1916, there appeared in Official Gazette No. 101, a decree calling Congress into special session to pass, among other things, upon the

"Veto of the Executive power to the law approving the Pinto-Greulich contract."

In his message to Congress, as per Official Gazette No. 44, the President said:

"If, contrary to my hope, Congress determines to reject this initiative and constitutionally ratifies decree No. 51, I shall have it executed in respectful obedience to its resolutions."

su puerilidad he creido de mi deber con-
tarte quiero ahora darte mis impresiones
sobre el negocio.

Si la mayoria del Congreso encuentra
correcta la actitud de Don Máximo y juris-
consultos tan respetados como son los mas
de los ex Presidentes la considerara del mis-
mo modo, a mi juicio tu deberias medi-
narte. Lo contrario sería la dictadura con
todas sus lamentables consecuencias y agra-
vada en este caso con un problema interna-
cional dado que se trata de americanos
a quienes el Congreso y la parte pensante
del País consideran con legítimos derechos ad
quiridos.

¿Que los intereses del País salen per-
judicados con la vigencia del contrato Green-
leich? Y qué se ha de hacer, pues que sal-
gan perjudicados si no [illegible] otro remedio. Tra-
temos entonces de mejorarlos por otros lados
y no pensemos mas en ello; fue un terremo-
to que nos hizo gran daño pero que por lo mis-
mo nos obliga a conservar y mejorar con mas
esmero lo que nos queda. Que el desastre por
lo menos nos sirva para que en otra ocasión
procedamos con mas cautela y discreción.

Sí, Alfredo; este asunto se perdió por la
manera como fue tratado; tu

PRESIDENT GONZALEZ IS ADVISED BY HIS WASHINGTON MINISTER TO ABSTAIN FROM BECOMING A DICTATOR AND TO RESPECT THE LEGITIMATE RIGHTS OF THE AMERICAN OIL GROUP.

From confidential correspondence between Manuel Castro Quesada, Gonzalez' Minister Plenipotentiary in Washington, and the President:

> "his childishness I thought it was my duty to tell you, I now want to give you my impressions concerning the business.
>
> "If the majority of Congress deem the attitude of Don Maximo correct and such respectable jurists as the former Presidents consider it likewise, you should, in my opinion, give in. Otherwise it would be the dictatorship with all its lamentable consequences aggravated in this case by an international problem, inasmuch as Americans are concerned whom Congress and the thinking part of the country consider as holding legally acquired rights.
>
> "That the interests of the country are prejudiced if the Greulich contract remains in force? What are we going to do about it; let them be prejudiced there being no other remedy. Let us try to improve them in other ways and not think any more about it. It was an earthquake which did us much harm and, therefore, obliges us to preserve and improve what remains to us. Let the disaster at least be useful to us, so that on another occasion we may proceed with more caution and discretion.
>
> "Yes, Alfredo; this matter was lost through the very bad manner in which it was handled; you" * * *

The above is part of a handwritten letter from Allenhurst, New Jersey, summer residence of the Legation, on September 19, 1916, consisting of six pages. It will be seen therefrom that Gonzalez' own clique considered the American group as the legitimate owner of the grant with the approval of the ex-presidents, prominent lawyers, the Legislature and the thinking elements of Costa Rica. International complications are foreseen, should Gonzalez continue his stubborn and peculiar opposition. The above letter was written about a month after the President had repudiated his own signature.

By " this initiative " he referred to his veto. " Decree No. 51 " was the one legislatively ratifying the Greulich oil concession.

The so-called veto was thereupon exhaustively discussed, referred to a special committee and rejected. So strong was the feeling of all parties on the subject that out of the forty-three deputies constituting Congress, only four voted in the President's favor.

That ended the fight and, without further opposition on Gonzalez' part, Official Gazette No. 113, of November 12th, 1916, published the American grant with the following resolution:

> " The Constitutional Congress of the Republic of Costa Rica, in its session of November 10th, 1916, decreed by more than the majority of two-thirds required by the Political Constitution to cause to be promulgated in the Gazette, Official Daily, the foreging decree for its effects as Law of the Republic."

The writer was in New York at the time. Upon receiving the cable announcing that the Legislature had decided in his group's favor, it was apparent to him that all troubles were over and that, as a good sportsman, the time was ripe for handshaking all around, with friends and enemies alike. Consequently, he sent the following cable to his representative in Costa Rica, on November 11th, 1916:

> " Last and sincere congratulations. Please express to President of Costa Rica my cordial appreciation, friendly regards and, with my best wishes, my trust that the enterprise will redound to the greatest benefit of your dear and progressive country."

Gonzalez replied to that representative, thanking the author and returning equally cordial wishes.

On December 23d, 1916, the writer entered into a contract with important American oil interests for the exploitation of the enterprise on a large scale. Work was commenced at once on the development of the properties under the concession; very large investments were made and, at this writing, drilling operations in various places are being carried on day and night.

The author did not return to Costa Rica for some months, devoting his time to the organization of the work. His surprise was great when, on January 29th, 1917, he received a cable announcing that President Gonzalez had been overthrown and Federico Tinoco, the Minister of War, assumed the Provisional Presidency.

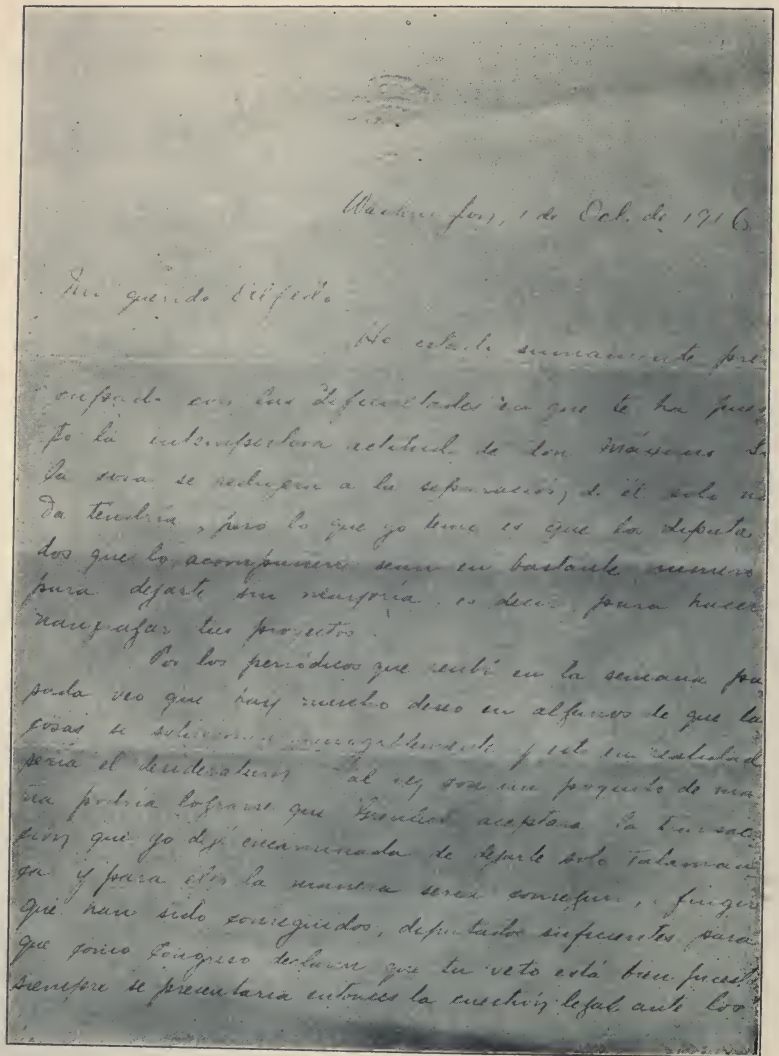
This news was unwelcome because Mr. Tinoco had never been considered a friend of the oil enterprise. Therefore a cable was sent at once to the Costa Rica representative, instructing him to establish in the writer's name friendly relations with the new Government. There was no reason to fear that Tinoco, or any other new Government, could in any way interfere

with the concession, which was not only binding on the Government but on the State itself. However, the recently acquired experience in fighting the opposition of a Central American Government did not create a particularly strong desire for entering into a new contest of the same sort. Great relief was felt, therefore, when the new President replied to the overtures in an equally friendly spirit.

Time went on. The author visited Costa Rica and other Latin-American countries, devoting his whole energy to the acquisition of new oil fields, their organization and development. Little of his time was spent in Costa Rica and he certainly had no interest whatever in its political situation. One occasion should be excepted, though, and that was immediately after the United States had declared war on Germany, when he took it upon himself to suggest by cable to the Tinoco Government that it, too, declare war on the Hun. Some of the Latin-American States had done so. Costa Rica was vacillating. A strong current of popular feeling was for it, but the German elements were intriguing against it and Tinoco was endeavoring to counteract their schemes in order to gain wide support for the war decree. President Wilson's refusal to recognize the Tinoco Government was being keenly felt by foreigners and natives alike. In the belief that the United States could not very well refuse to have a friendly feeling for a Government that had frankly allied itself with ours in fighting a common enemy, the writer sent the following cable to a friend of his and of President Tinoco in Costa Rica on April 11th, 1917:

> "I suggest to you that Costa Rica follow the attitude of Panama and Cuba by declaring immediate war on Germany, because I know positively that Costa Rica is being considered as the principal center of German conspiracy. With a full knowledge of the matter I consider the recognition of Tinoco impossible if he does not take rapid and decisive action."

Relations with Germany were broken off a few months later and war declared not long thereafter.



Washington, 1 de Oct. de 1916

Mi querido Wilson

He estado sumamente pre-
ocupado con los Delegados con que te ha favo-
recido la intemperie reinante de los Mánicos. Si
la cosa se redujera a la separación, el sólo re-
da tendría, pero lo que yo temo es que los diputa-
dos que lo acompañaron sean en bastante número
para dejarte sin mayoría, es decir, para hacer
naufragar tus proyectos.

Por los periódicos que recibí en la semana pa-
sada veo que hay mucho deseo en algunos de que la
paz se solucione inmediatamente, y esto en realidad
sería el Reconocimiento al rey Rodo un pequeño de mas
una potencia lograr que Francia acepte la tu-
vez que yo dejé encargada de Aparte este Talleyrand
que y para él la mano a seres conseguir, finque
que han sido conseguidos, diputados suficientes para
que por el Congreso declaren que tu veto está bien fundado
siempre se presentaría entonces la cuestión legal ante los

"A LITTLE TRICKERY" IS PROPOSED TO DEPRIVE AMERICAN OIL GROUP OF ITS RIGHTS.

(From Confidential Correspondence between Manuel Castro Quesada, Minister Plenipotentiary in Washington, and President Gonzalez.)

"Washington, October 1, 1916.

"My Dear Alfredo:

"I have been greatly worried over the difficulties in which you have been placed by the impulsive action of Don Maximo. If the matter reduced itself to his separation alone, it would not matter; but what I fear is that the Congressmen accompanying him are sufficiently numerous to leave you without a majority, that is to say, drown your projects.

"From the newspapers which I received last week, I see that some people are very desirous for a friendly settlement and that would really be the desideratum. With a little trickery it would perhaps be possible to have Greulich accept the compromise which I left in good shape and whereby he would only receive Talamanca. To attain that end, it would be necessary to secure or make the bluff of having secured enough Congressmen who, as Congress, may declare that your veto is valid. But the legal question would then come up before the" * * *

The above letter was written after the time the American oil grant had been approved by the Legislature and vetoed by the President, despite his previously affixed signature. Ganzalez and his Washington Minister were sure that Congress would reject the veto. Bluff and trickery were therefore proposed in an attempt to make the American interests feel insecure.

En hora de mala suerte
y fatal agitación

amenazaba su muerte
un gigantesco pedrón...

(pasa a la última

Núm. 53.—8

Historia Contemporánea

Más, prontamente llegaron
cuatro Hércules fornidos

y sin temor, decididos,
sobre el pedrón lo sentaron.

Cartoon from "La Linterna," September 21, 1916.

CURRENT HISTORY.

In an hour of misfortune
And fatal agitation

His life was threatened
By a gigantic rock

But there arrived quickly
Four steeled Hercules

And with fearless decision
Seated him on top of the rock

The rock representing President Gonzalez' veto to the American oil grant is about to crush the author, acting for the petroleum group, when the former Presidents of Costa Rica constituting the èlite of Costa Rican lawyers come to his rescue by declaring the so-called veto void.

ALFRED GONZALEZ, OUSTED, ENLISTS PRESIDENT WILSON'S AID.

How Gonzalez Touched Our President's Sentimental Chord and Obtained His Support.

The overthrow of Gonzalez was a simple affair. He having declared his intention to retain the presidency for another term, Tinoco insisted that the unruly ruler keep his word and abstain from forcing himself upon the unwilling people. In reply, the President requested Tinoco, then Minister of War, to resign. Being in charge of the armed forces of the country, numbering about 500 men, Tinoco informed Gonzalez that the latter's usefulness was at an end. The President knew that his minister meant business and speedily transferred his residence to the American Legation, where, on the plea that his life was in danger, he received asylum.

There was no bloodshed and hardly any excitement. The peaceful coup d' état had occurred in the morning. At noon, the capital was beflagged; the cafés were wide open; bands played merrily and a celebration took place paralleled only on Armistice Day.

Tinoco assumed the provisional presidency but, faithful to his guardianship over the 1914 pacts between the combined political parties, at once called the ex-Presidents and other prominent men into consultation. After the rejoicing over the fall of the unpopular would-be despot had subsided, it was found that general political harmony prevailed. Everybody seemed to be satisfied with the new provisional régime, which became permanent a few months later as the result of elections under the direct supervision of the former presidents.

Gonzalez was permitted to leave for Washington in company with his friend Castro Quesada, who had acted as his Minister to the United States. Upon their arrival at our national capital, the unforeseen happened. President Wilson received both men with official honors, Gonzalez being given an opportunity to empty his heart to our Chief Magistrate.

> "This, Mr. President," he is reported as having pleaded, "is a recurrence of a typical Central American revolution. I trusted my War Minister, Tinoco, whom I considered a friend and into whose hand I had, therefore, delivered my armed forces. Impelled by a crazy lust for power, he betrayed me outrageously and has now the country under his control as a tyrant. Unless you help me to overthrow his régime, my country will face ruin. My administration was highly successful, as I tried in a modest way to emulate your great example in economic and state matters. Help me!"

President Wilson seems to have been deeply impressed by the deposed ruler's apparent charm and frankness and, shortly after his visit, the State Department made the following announcement:

> "In order that citizens of the United States may have definite information as to the position of this Government in regard to any financial aid which they may give to, or any business transactions which they may have with, those persons who overthrew the constitutional Government of Costa Rica by an act of armed rebellion, the Government of the United States desires to advise them that it will not consider any claims which may in the future arise from such dealings as worthy of its diplomatic support."

That was in February, 1917, only a few weeks after the coup d' état, when there had hardly been time for our Government, with its slow-working routine, to thoroughly investigate. It is therefore safe to assume that President Wilson acted upon the impulse of the moment, solely with Gonzalez' own presentation of the case and a mere general official report before him. It stands to reason that he was unacquainted with the pro-German nature of Don Alfredo's administration, although the files of our various government departments must have contained the information given in this report. We were then on the verge of declaring war on the Hun and, under the circumstances, the ousting of a dangerous pro-German government close to the Panama Canal, with the general applause of the country affected, could not be classed as an infringement upon our President's idealistic policy of stamping out revolutions in Latin America. This change of government would fit much more accurately into the doctrine of: "a government of the people, for the people," or, as Wilson terms it, "self determination."

Gonzalez and his clique have made the open claim that President Wilson promised to oust Tinoco, by force if necessary, and permit the deposed faction to regain the control of Costa Rica. Our Government's Costa Rican policy since the Gonzalez overthrow, intercepted correspondence and subsequent events apparently corroborate this version. The German agent, Kümpel, for instance, was so informed, in a letter which Gonzalez wrote him after his interview at the White House. In an effort to exterminate Hun activities from his country, Provisional President Tinoco had forced "El Imparcial," the German propaganda paper to suspend its publication, and arrested numerous Huns, among them Kümpel. Upon being examined (in the presence of the American Vice-Consul, Mr. Fitzpatrick), this Teuton agent testified:

> "Judge—Kindly tell me why you have said to some of your workmen and to some people in Grecia that Alfredo Gonzalez would soon return to power?
>
> "Witness—For no reason, because I never said anything like it.

Whoever says so is a liar, and whoever pays any attention to such tales in order to trouble quiet people is a fool. How could I possibly have made such a statement! *I am morally certain that, if Alfredo Gonzalez so desired, he would now be President of Costa Rica, because Mr. Wilson, of whom he never asked such a thing as is being said here, called him especially for the purpose of offering him his restitution to power by force.* Although I have no details, the intimacy and constant communication of ideas between us, which we have had for many, many years, permits me to understand his motives which cannot be other than a legitimate personal pride—which prevents him from converting himself into a lackey of the Department of State—and his patriotism as a Costa Rican who does not want to see his country in the sad position of Cuba, Panama and Nicaragua. And it would only be with the backing of American arms that a revolution in this country could hope to be successful, because there seems to be an entire lack of men capable of exposing their hide for their convictions.

"Judge—The foregoing statements which you have made with reference to the fact that Mr. Wilson has offered to replace Mr. Alfredo Gonzalez in power, do you know them from your own knowledge or from hearsay?

"Witness—I know them from my own knowledge, through a personal letter from Alfredo Gonzalez.

"The examination is suspended here—witness adding that he has received two letters from Alfredo Gonzalez, which fact he desires to state so that everything may be cleared at once and nothing remain for possible misunderstanding and consequent future trouble. The two letters were received by him directly by mail from the United States—one sent from Philadelphia, the other from another interior town" (from official record).

Gonzalez felt certain that the United States Government would back his endeavors to oust the Tinoco régime. This is shown in detective reports made during the years 1917 and 1918. The following extracts therefrom are interesting:

"April 8, 1917. The main subject (Gonzalez) was taken in hand on this day. Together with several companions he left the house about 9:00 a. m., carrying a small valise marked AGG-TH. To all appearances this seemed to be a precious package for him, because at no time while we were with him did he leave it out of his sight nor allow anyone to touch it. Accompanied by a man, to all appearances German; tall, heavy set, weighing about 200 pounds, with ruddy complexion, and another man rather heavy set and undersized.

" The taller man (German) bought a German paper, taking the Broadway car to 59th Street and then the crosstown car to Madison avenue, where he entered the building on the northwest corner called the ' Hoffman Arms,' where he remained some time, and after coming out returned to 71st street * * *

" April 9, 1917 * * * About 11 a. m. he left the house again with the same German. Both in most earnest conversation. The German left him at the 22d Street Subway station, one of our men being with him all the time.

" The principal was met by (J. Montero, former Consul General of Costa Rica), a short, thick set man, who was evidently of the Latin race, wearing gold eye-glasses with whom he returned to his room. From our house we could see that they were in close conference for several hours.

" A short heavy set man, somewhat blondish and pock-marked, entered the house about an hour after the return of the foregoing, and was immediately taken to their rooms. He seemed to be a very quick talker and gesticulator. He was not a Latin and gave every evidence of being German * * *

" April 10, 1917. At 9 a. m. our principal, together with the German, left the house and went to the same restaurant for breakfast, where they remained for about an hour. On coming out of the restaurant they separated, the German again taking the Subway, one of our men being with him all the time. He then got out at Battery Place and entered No. 11 Broadway, and the last we saw of him he was going into the Steamship Line's office.

" The principal (Gonzalez) on returning to his house was met again in the street by the man with the gold eye-glasses (Montero). They entered the house, were in conversation for half an hour, when the younger man left precipitately.

" Considering him as an important element, we left our assistants to guard the house, and took this man in hand ourselves. We followed him into the Subway. He again got out at Rector Street; we kept close to him until he entered No. 2 Rector street. We went up in the elevator with him to the 11th floor, where he entered the room with the sign 'Consulate General of Costa Rica.' We noticed in the inner office there was quite a crowd of young Latins, numbering between 15 and 18, while out in the hall there were half a dozen waiting to enter. There was a woman in the inner room, evidently connected with the office.

" Realizing we had found something important, we immediately telephoned for three more assistants. In the meanwhile we entered the office, asked for the Consul General himself, and the same gentleman with the gold eye-glasses came out and introduced

himself as Mr. Montero, claiming he was the Consul General, and asked our business. We presented our card as the representative of a newspaper organization desiring information on the status of his country, requesting him to give us such data as he cared to give and that we wished to publish in our papers whatever might be of interest.

" As we represented ourselves as newspaper men, he immediately became interested by telling us that he had been in the newspaper business himself, having been the representative of the New York *Herald* in Costa Rica for some time.

" In our conversation with him he was very frank in saying that a change in government had taken place in Costa Rica, and that he still retained his post as Consul General, but that he had to be very discreet because he was a friend of the Ex-President Alfredo Gonzalez, who is now in New York living on West 71st Street. He was very frank in telling us that he could not compromise himself by making any statement for publication. Nevertheless, he was emphatic in his statement that the Ex-President had a large following and was taking active steps against the present government. We at once made up our mind that he was not playing true to his official position, and therefore we are holding him in reserve for future use.

" He gave us a card of introduction to the Ex-President, telling us that he had important documents from Washington which he thought we could get from him for newspaper usage.

" We then left him with the understanding that we would come together again * * *

" April 11, 1917. We then called on Gonzalez and presented the introduction given us by Mr. Montero. Were received pleasantly. We found him a most affable man and ready to talk on matters pertaining to his country. He was very bitter in his language about Tinoco and his associates and the traitorism that they had played on him. *He was also most bitter at all Americans and American interests, denouncing them in every way as always having been enemies to his government,* and most markedly showing that if he returned to power they would find no quarters with his government.

" About a half hour after beginning our conversation with the above party, the same German entered the room without knocking, and, on receiving a sign from the principal that he was busy, he immediately withdrew.

"He gave us to understand by his interviews with the State Department that the present government would never be recognized and that Washington would do everything possible to avoid the prog-

ress of the Government. He told us that business was at six's and seven's in Costa Rica and going backward fast; that now that he was out he had no intention of again looking for the presidency for himself, but that he would use every influence for the present government to be overthrown and an acceptable government established.

" He stated that he was making preparations to return to Costa Rica at an early date with numerous friends and that he did not consider it necessary to use force of arms, but that through his many friendships and connections he would be able to proselyte the country to such an extent that they would realize the traitorism of the Tinoco government and would, among themselves and with his co-operation, cause a counter-revolution that would eliminate Tinoco and his entire staff. He handed us a paper (annex A) copy of which is hereto attached, written in English, which seems to be a diatribe of bitter reminiscences.

" In our presence he wrote an article in Spanish, translation of which is hereto attached (annex B), which seems to be abusive to the existing Government, he specifically referred to some clippings wherein names of prominent Americans are mentioned and referred to them as gamblers and speculators of a most obnoxious class to the country * * *

" April 11, 1917. * * * The principal, in company with a young man carrying a camera, came out. The young man we would judge to be of a clerical position and also of Latin descent. They boarded the Subway at 77th Street and left at Wall Street, where they separated. The principal (Gonzalez) walked down to Front street, No. 80, where he entered the Costa Rican Trading Company's offices, and about two o'clock came out with three men, whom we had never seen before.

" The first was a young man about 5 ft. tall (Eduardo Bonilla); The second, a very large man, about 5 ft. 11, smooth shaven, heavy built (W. H. Field), and the other man about 5 ft. 6½, 39 years of age, heavy built, about 180 pounds, smooth shaven (Edmundo Montealegre). They all went to a restaurant at 130 Water Street and remained there until 2.25 p. m., and the principal, with two of the foregoing, left the restaurant and returned to 80 Front Street.

" April 11, 1917. We met the principal at the Ansonia Hotel at 6.30 p. m., where we all had a rather ample dinner. * * *

" During our conversation we covered many points, wherein he showed that he is practically a maniac on the one subject of the elimination of Tinoco. He told us many of his plans for re-establishing himself in Costa Rica, insisting that he had strength enough to proselyte, and did not require arms or revolutionary methods to

gain this point. *He felt absolutely sure that the United States Government was so firmly set against Tinoco that he could have its fullest co-operation in carrying out his plans.*

"He informed us that his personal friend, Castro Quesada, was moving heaven and earth in Washington to get this co-operation, and he at least felt absolutely sure that this man was working most honestly in his favor and for the culmination of all his plans. We gave him a copy of the supposed interview that we were to publish. He read same and kept the copy, as he said he wanted to study it that night for our subsequent engagement.

"April 12, 1917. We called on the gentleman (Alfredo Gonzalez) at 10:30 a. m., found him alone and with our interview before him. He had made some notations thereon and some changes, but all in all he seemed to be very much pleased therewith.

"I explained to him that on account of voluminous war news it might be several days before we could publish this article, and we were preparing to take notes for the second article of the serial when a man entered the room, about 5 ft. 11 in. tall, weighing about 190 pounds, dark blondish hair, smooth face, apparently between 32 and 35 years of age, speaking Spanish fluently (W. H. Field). This man gave himself considerable importance and immediately took command.

"Our principal at once introduced us and gave him our copy of the interview. He hardly looked at same before he said in the most imperative manner:

> "'Cut this all out; Mr. Gonzalez has no right to give any interviews and has no right to appear before the public at all. *This matter is entirely in the hands of the Department of Justice,* and although I may be committing an indiscretion in giving you this information, the fact is that Mr. Gonzalez and all those connected with him must keep their mouths shut absolutely until given out by the Department, which has all the necessary information for carrying out the projects in view.'"

The foregoing detective report would indicate that the following are associated with Gonzalez:

Costa Rica Trading Company, which is a New York commercial concern;

Edmundo Montealegre and Eduardo Bonilla, both Costa Ricans controlling the concern named;

J. Montero, the former Costa Rican Consul General;

Manuel Castro Quesada, the former Costa Rican Minister in Washington, and

W. H. Field, who has made himself appear as being connected with the New York Division of the Department of Justice.

Montealegre and Bonilla have personal reasons for being enemies of the Tinoco family. Joaquin Tinoco, the President's brother, killed a relative of the gentlemen named in a duel. A family feud was the consequence, which has become a sort of Sicilian vendetta affair.

The plan seemed to be for Gonzalez and his associates to finance and organize a revolution in New York to oust the Tinoco régime and re-establish Gonzalez' friends in power. Everything indicates that the deposed ruler and his group were convinced that the State Department and the Department of Justice were looking with favor upon the scheme.

Some months after the above detective report was filed, a revolution broke out in Costa Rica, headed by Rogelio Fernandez Guëll, a pro-German Spaniard, who had for many years resided as a newspaper editor in Mexico City. Gonzalez had called him to Costa Rica upon assuming the presidency, and made him part-owner and editor of "El Imparcial," the pro-Hun paper already described. The revolt was unsuccessful, Guëll and his companions being killed by government troops. Their bodies were taken to the capital and sumptuous funeral services held, the whole German colony, in ceremonious attire, marching behind the cortège to the distant cemetery.

In the meantime, Tinoco had established an orderly Administration and resumed diplomatic relations with the following countries: Brazil, Argentine, Chile, Peru, Bolivia, Ecuador, Colombia, Venezuela, Mexico, Guatemala, Honduras, Salvador, Santo Domingo, Haiti, China, Japan, Portugal, Switzerland, Spain, Sweden, Norway, Denmark and the Vatican. Great Britain and France maintained friendly relations with him, but withheld formal recognition out of respect for the United States. Cuba, Panama and Nicaragua were, of course, guided by our Government. Nevertheless, when Tinoco declared war on Germany he was hailed by Great Britain, France and the other entente nations as a welcome ally against the Hun. Even American Ambassador Sharp, in Paris, exchanged the usual formal complimentary letters on that occasion with Tinoco's Minister to France.

The failure of the Fernandez Guëll revolution did not seem to dishearten Gonzalez and his satellites, who appeared to have secured fresh funds in the United States with which to fight Tinoco and the American interests. The inducement offered to those from whom his group tried to obtain money for the intended revolution was a share in the oil concession discussed in this booklet which an important American corporation is now exploiting on a large scale, and against which it was decided that the returning Gonzalez faction would take arbitrary measures. This is clearly shown by later detective reports, of which the following extracts are pertinent:

> "April 5, 1918. * * * I left and went to 2 Rector Street, where the office of Montero is located. As I was about to enter his

office in Room 903, I saw a man whom I recognized as having seen before in Room 376, 17 Battery Place, which is the office of a man by the name of R. H. Manser. My attention was at once drawn to him because at that time I overheard a conversation with Manser regarding the purchase of a boat of fast speed for use in Costa Rica. * * * He went direct to 80 Front Street, the office of the Costa Rica Trading Company. Mr. W. H. Field, whom I know well, seemed to be waiting anxiously for him, because he grabbed him at once and addressed him as 'Montealegre' and rushed him to the office. I waited some time, and at 6.30 p. m. they came out with another man of Spanish appearance, about 55 years of age, with short gray moustache.

"April 6, 1918. At 9.30 a. m. went to 2 Rector Street, took elevator to ninth floor, but found Montero had moved to 12th floor, Room 1223. When I covered that room I noticed a gathering of 10 or 12 men, all speaking Spanish. None of them seemed to be of importance except one, whom by the description given me I at once recognized as Mr. Ellis, a Mexican, whose office is at 35 Nassau Street, and who, I had been told, was interested with Montero. I followed him to his office, where I left him. * * *

"April 8, 1918. * * * At 2 p. m. took operator J. L. to Montero's office with instructions to offer a quantity of rifles. A young man went inside and returned in a few minutes, saying that Mr. Montero was then engaged but he was interested in buying rifles and requested that my operator return in a few days with a definite offer. He wanted a description of the rifles and all the data to give Mr. Montero. He was given a list of the offer and showed quite some satisfaction when he read it.

"April 9, 1918. * * * At 10.30 a. m. went to 35 Nassau Street and called on Mr. Ellis on a pretext of having oil lands in Texas. He became very much interested and told me he was interested in oil lands in Costa Rica, but that there were certain questions about them. He told me he had no time to discuss with me then, but invited me to luncheon at noon the next day. I left but remained watching. Mr. Ellis came out at 12.30, went to 32 Nassau Street, Room 447, the office of an attorney, W. R. Deuel, lawyer for Manuel Lardizabal and Gonzalez. He remained until 2 p. m. and returned to his own office.

"April 10, 1918. * * * Mr. Ellis explained that he had a big proposition for oil in Costa Rica, but that the concession was held at present by other interests, but that it was not legal and that he was connected with Gonzalez, Montero and Deuel, who represented them in Washington; *that they were arranging a revolution to*

overthrow Tinoco, and had the partial consent of Washington. He further told me that two generals in the employ of Tinoco were ready to betray him as soon as they got their arms and ammunition into Costa Rica; that they had these arms and ammunition at Turks Island and Mr. Ellis was to contract for a schooner in Mexico to go there and carry same to the coast of Costa Rica.

"Further, that they had two towns, one of 800 men and the other of 1,000 men, ready and at the call of those generals.

"Castro Quesada had gone to Washington with Deuel and made arrangements, and Washington had said that it would never recognize Tinoco, nor would it favor Gonzalez, but that if Gonzalez, Vice President (not his father), was put in he would be recognized.

"That Castro Quesada had left for Panama to make all arrangements and was waiting only for advices that the second schooner had been secured to bring the arms and ammunition from Turks Island.

"Mr. Ellis asked my co-operation and offered me a good participation in the concession for oil lands.

"Went to 17 Battery Place to see Mr. Manser; I asked whether he was there, and a young man called him. I asked him whether he was still interested in the purchase of a boat, but he replied that they had practically closed a contract for a 50-foot launch, but suggested that he would be pleased if I called again in about a week in case they may want another one.

"April 11, 1918. * * * At 11 a. m. went to 35 Nassau Street, where a young lady gave me a message that Mr. Ellis would not be there until two o'clock. I 'phoned at that hour and he told me that he had a message from Montero saying that things were going satisfactorily and would see him later in the afternoon.

"I called on Mr. Ellis at 3.30 p. m., and he said that after his interview with Montero he would introduce me. As Montero knows me I had to avoid the introduction by telling him I had to leave town and would return to-morrow.

"I watched the office, and at 5 p. m. Montero, Gonzalez and two others entered and remained until 6.30 p. m., when they came out and boarded a subway train to 42d Street, where they entered Hotel Astor and met the lawyer, Deuel, and another man. All went to a restaurant on 45th Street, where they remained until 8 p. m. During dinner, Deuel went to the telephone several times. He called up Columbus 4218, which I found was the residence of a lawyer named Jackson, who also has connections in Washington. When they left the restaurant I followed Deuel to 53 West 72d Street. * * *

"April 14, 1918. Went to Mt. Vernon on the morning train, covered 540 Third Street. At 9 a. m. Mr. Ellis came out alone, boarded a train for New York. Arriving in New York, went to telephone booth and called up Bloomfield, New Jersey, telephone number 1160-M Bloomfield; subject asked to speak to Mr. Montero. I overheard the following conversation:

"'This is Mr. Ellis; do you want to see me to-day? All right, then, I will see you to-morrow. I did not understand you.

"'Did you say Mr. Gonzalez is going to your house to-day? With whom?

"'With two other gentlemen? Oh, I see. Well, then you will be able to work out the whole plan and have it ready for me to-morrow."

"'I must have all the details so we can arrange everything.

"'Will you 'phone me to the office in the morning and we will get together? Very good. Goodbye.'

"Mr. Ellis then 'phoned Madison Square 6100 and asked for Mr. Otto Kruger. Held a conversation with him. I could not catch it. He walked to Broadway; boarded a car, alighted at Thirty-first street; walked to Hotel Imperial, and asked bell-boy for Room 310. * * *

"I boarded a train for Bloomfield, New Jersey, and while covering Montero's house, Gonzalez with two other men entered. One was a man about five feet six inches, short gray mustache, well dressed, about 48 or 50 years of age. The other about five feet-eight, smooth face, dark complected, between 35 and 40 years of age. I covered the house until 4 p. m., when they came out and walked down to the depot. There the four stood conversing for some length of time, when Gonzalez pulled some papers out of his pocket, holding the one against the side of the building; at the same time he pointed to different places on the paper. I got in a closed machine and drove up until I was within 20 feet of them. The paper looked to me to be a map. Montero pulled a book out of his pocket and started writing as Gonzalez dictated."

This brings the following new names into the conspiracy:

Mr. W. H. Ellis, Mexican banker and broker, 35 Nassau street, New York;

Walter Rogers Deuel, an American attorney, formerly connected with the District Attorney's office in New York;

Manuel Lardizabal, a Honduran, residing at 758 West End avenue, New York, whose connection with a plan to overthrow the present Honduran government is known to the Department of Justice; and

An American lawyer by the name of Jackson.

W. H. Field appears to have acted in the matter for the Department of Justice, a sort of guiding spirit traveling frequently to Washington and calling there upon various Government departments and Senators in an active pro-Gonzalez campaign, in opposition to Tinoco and the large American interests established in Costa Rica.

However, the conspirators were losing headway, as our Government seemed to be getting to a point where the recognition of the Tinoco Government was under consideration. The Gonzalez group knew this and a strong card had to be played. The United States Government and the American, as well as the Latin American public, had to be shown that the recognition of Tinoco would be highly detrimental from various viewpoints.

Here is where the amazing part of the story comes in. It may be comprehensible that a foreigner should intrigue against Americans, even in war time, for the sake of principle or other aims, but it is certainly remarkable that an American apparently closely connected with the Department of Justice should associate himself with a pro-German alien fighting American interests.

The main purpose of the intrigue was to deliberately discredit the writer with his own Government. This fact is proven by a report filed in May, 1918, by W. Wright, connected with the New York Division of the Department of Justice, under Superintendent Offley. The amazing allegations made were the following, taken by the writer from the report itself:

> W. S. and L. G. Valentine are pro-German;
>
> W. S. Valentine is allied with President Carranza of Mexico in a scheme to overthrow Latin American governments by placing pro-German governments in their place, with the aid of German money;
>
> W. S. and L. G. Valentine are creating sentiment throughout Latin America against the United States, with German money;
>
> L. G. Valentine was in close touch with German Ambassador Bernstorff;
>
> The overthrow of the Gonzalez Government was for the purpose of furthering German aims;
>
> The Gonzalez overthrow was planned and financed by W. S. and L. G. Valentine in New York, and as a result thereof they secured from the Tinoco Government an oil concession for German interests, etc.

The treachery of this report is demonstrated by the nature of the informants. Indeed, under the heading " Sources of Information," the following names are given:

> W. H. Field, whose identity seemed to be thoroughly known, as he was not otherwise described in the strange report;
>
> Alfredo Gonzalez, the deposed President of Costa Rica;

Manuel Lardizabal, a Honduran implicated in Honduras revolutionary schemes;

Humberto Ferrari, another Honduran, close friend and associate of Lardizabal's; he is mentioned as having given previous valuable information to the Department of Justice.

The evident parti-pris of the informants brands the report as nothing but a crude but nevertheless fruitful attempt to deceive our Government, a step of the actors in this melodrama to down the Americans whose interests were to be adversely affected by the return of the Gonzalez faction to power. *No one connected with the United States Government ever called on the writer for information in the matter. He never knew, until recently, that such charges existed. He was never given an opportunity to defend himself. Still this report, false on its face by virtue of its origin alone, has remained on file in various departments of our Government, and, the author is credibly informed, was sent to our authorities in Panama, thereby undermining his standing.*

It was a mystery to the writer, until informed of the report mentioned, why his cables and letters were unnecessarily delayed and tampered with, and his actions regarded with peculiar scrutiny by United States Government officials.

Without suspecting any such intrigue, the author had aided to the best of his ability in revealing German doings in Costa Rica. At the time the Wright report was filed with the Department of Justice he had submitted to the Naval Intelligence in Panama a feasible plan for seizing large files of German documents which had, since the outbreak of the war, been closely concealed and guarded. The Intelligence Officer in Panama was acting upon the writer's request for assistants to carry out the plan when, it is clear from the dates, the Wright report reached Panama. Naturally, with such charges pending, the writer's plan was discounted, no assistants were furnished, and the important Hun documents are doubtless still resting in their place of concealment.

That the above mentioned charges of the Gonzalez group and W. H. Field were taken seriously by our Government, regardless of their unreliable origin, is further shown by the following circumstance:

In September, 1918, the author's wife left Costa Rica for New York. Upon her arrival she was surrounded by five or six agents, evidently representing the Customs House, Department of Justice and Naval Intelligence, and subjected to an excruciating cross-examination. During the course of the ordeal she was given to understand that her husband was representing Hun interests. After it was over, she, her little two-year old baby and her nurse were submitted to a most complete and humiliating physical examination, only befitting the unchivalrous practices of Prussianism. Of course

such things must be expected in war-times, but it does not speak well of our Secret Service efficiency that our Government departments were unable to see through the crude methods of the Gonzalez group, *placing more faith in the words of intriguing aliens than in those of an American whose record is on file at the State Department;* for the writer had to furnish it when applying for an appointment in the Diplomatic Service.

When the author arrived in New York, in December, 1918, with a trunkful of important documents, neither his baggage, nor his papers, nor he himself were examined. This blunder had evidently been discovered. If that was so—*how is it that our Government has taken no steps to curb the activities of those aliens who have been maliciously and wilfully misinforming our authorities, and to stop the Americans aiding them from continuing in their nefarious warfare against legitimate United States interests? How is it that those same aliens are still receiving the moral and physical support of our Administration?*

GONZALEZ' ATTEMPTS TO INFLUENCE THE AMERICAN SENATE AND PUBLIC.

His Publicity Campaign Against United States Interests. Their Safes Rifled "With the Aid of United States Government Officials?"

Gonzalez' schemes for unseating Tinoco were not making much progress, but his group, apparently well supplied with money, was not discouraged. The next plan was to work up popular feeling against Tinoco and the American interests whom he desired to deprive of their rights. This was carried out with remarkable statesmanship and psycho-analysis.

Nothing predominates in the mind of the average Latin so much as his sense of nationality and sovereignty. This was the nerve center upon which Hun intriguers had exerted methodical pressure. The "rapacious American eagle" had for years been cleverly pictured by them as hovering above the defenseless, small Latin-American nations, only to precipitate himself upon and devour them at the first opportune moment. Our actions in Panama, Nicaragua and Santa Domingo had been pointed out as striking examples thereof which made the Latin blood boil. The "your turn next" idea had been the venomous dagger thrust into their minds and resulted in a deep distrust of American motives, gradually developing into silent, if not outspoken, anti-Americanism.

This deep-rooted sentiment seemed to strike the Gonzalez group as a propitious field for propaganda. If it could be shown that through Don Alfredo's downfall American interests had secured the controlling lever of Costa Rica, Central, and probably, Latin Americans would, on the one hand, become antagonistic to Tinoco, and, on the other hand, President Wilson's conception of international idealism could be relied upon to be equally affected in Gonzalez' favor.

> "Unscrupulous Americans took advantage of poor, little Costa Rica and, by clever extortion, secured for a plate of lentils oil lands worth hundreds of millions.
>
> "Costa Rica fell victim to concession hunters, commercial filibusterers, and Tinoco was their blind and obedient tool."

Music with this "Leitmotiv," it was figured, would not fail to impress the United States Senate and the public at large.

Here is how the campaign appears to have been organized:

W. H. Field, an American familiar with the Latin character, and, everything indicates, closely connected with the Department of Justice, was acting as Gonzalez' campaign manager.

SECRETARIA DE FOMENTO
REPUBLICA DE COSTA RICA

14)

OFICIAL

Artículo XVII

El contratista o la Compañía que forme de acuerdo con la cláusula anterior se compromete a mantener en Costa Rica, durante todo el tiempo de este contrato un representante con instrucciones y poderes legales bastantes para resolver todos los asuntos relacionados con este contrato.

Artículo XVIII

Cualquier dificultad que surgiere entre las partes por razón de este contrato, será resuelta conforme a las leyes del país y en ningún caso el contratista podrá recurrir a la vía diplomática.-

En fe de lo cual firman los otorgantes en la ciudad de San José a los veintitrés días del mes de Setiembre de mil novecientos quince.

Enrique Pinto Leo J. Greulich

San José, veintitrés de Setiembre de mil novecientos quince.

Apruébase el contrato anterior

González

El Secretario de Estado en el Despacho de Fomento

Pinto

The above is the last page of the American oil contract bearing President Gonzalez' signature below the sentence "the foregoing contract is approved." After the Legislature had acted upon his subsequent special message of recommendation and ratified the grant, President Gonzalez vetoed it by claiming the right to rescind his own signature. The Legislature thereupon nullified his veto and *the contract went into effect on November* 12, 1916, *two and one-half months before the Tinoco coup d'état.* Gonzalez now alleges that his overthrow was engineered by the American oil group, in order to secure the oil concessions from the Tinoco Government!

W. R. Deuel, another American, former Assistant District Attorney of New York, became the legal adviser.

Manuel Lardizabal, the Honduran of revolutionary tendencies, became a valuable ally.

Manuel Castro Quesada, Gonzalez' Washington Minister, took advantage of his connections at the national capital in an attempt to secure the moral support of our Government for an anti-Tinoco revolution.

Rafael Oreamuno, former secretary of the Costa Rican Legation in Washington, a clever young lawyer, was a handy aid into whose hands was placed the anti-Tinoco, pro-Gonzalez campaign in the Latin-American legations and embassies in Washington.

W. H. Ellis, Mexican banker and broker, was to secure financial aid for the revolution, in exchange for an oil concession.

Edmundo Montealegre, brother-in-law and intimate friend of the German Consul in Costa Rica, and Eduardo Bonilla, Costa Ricans, were evidently aiding with good advice and money for the sole purpose of quenching their vendetta thirst upon President Tinoco's brother. They were the ones who established the close connection between Gonzalez and W. H. Field.

There are many other minor actors, but the above were the stars in the "comic opera" which has just reached a dramatic dénouement.

Here we have a group of aliens with a pro-German at their head, openly preparing on our hospitable shores a revolution against a pro-Ally government in Central America and, actively aiding that clique, several Americans, at least one of whom is either officially connected or in close touch with the Department of Justice!

There are two powerful groups of United States interests operating in Costa Rica, the United Fruit Company, and the oil interests. These, the Gonzalez group figured, must be shown to be the "claws of the rapacious American eagle." A theory appealing romantically to the American and Latin American public alike was thereupon worked out.

The first stage of the campaign was the publication of a series of sensational articles in a paper called the "New York Curb," the following extracts rendering an idea of the Gonzalez publicity trend:

> "Oil and Fruit Interests here charged with creating Costa Rican Revolution for profit."
>
> "Oil concessions from de facto government of problematical value."
>
> "Valentine is accused of bribing Costa Rican Legislature."
>
> "Gonzalez, warned of impending coup, ignored same."
>
> "Germany and Austria only nations to recognize *de facto* government."
>
> "People rising to throw off Tinoco Government."

"Valentines got concession from Tinoco and sold it to Sinclair interests."

In other words, it was claimed that the United Fruit Company and the oil interests had formed a combination and jointly overthrown the Gonzalez Government, placing Tinoco in the presidency as their handy tool. In order to contradict once and forever this ridiculous allegation, the United Fruit Company caused a hearing to be held before Counsellor Polk of the State Department, at which it was shown conclusively that no connection existed between the United Fruit Company and the oil venture, and that the former had nothing whatever to do with the change of government.

Upon hearing of the absurd allegations the author, then in Panama, sent an affidavit to the Department of State, giving a summary of the oil negotiations; showing that the concession had been a Gonzalez initiative; that it had been approved, vetoed, reapproved and capitalized during Don Alfredo's régime; and that neither the writer nor anyone connected with him had the least thing to do with the Tinoco coup d'état.

Their first plan having failed, the Gonzalez-Field combination had to think out something better. Field's ingenuity and his closeness to the Department of Justice proved valuable. We were at war and our Government had built up a wonderful machinery for prying into the affairs of Americans and aliens alike, in search for pro-German connections. *The evidence indicates that this machinery was taken advantage of by the Gonzalez group; that "with the aid of United States Government officials" the private correspondence in the oil venture was seized and—this is the most amazing feature—delivered to the deposed pro-German President, Gonzalez.* Of course nothing was encountered therein which could even remotely reflect upon the genuine Americanism of those connected with the petroleum deal. As was natural, however, the private letters contained such intimate and frank expressions as are customary between associates, between nephew and uncle, characterizing certain individuals in a somewhat uncomplimentary manner. The correspondence abounded with data showing Gonzalez' treachery, but the paragraphs bearing thereon were wisely suppressed and use made only of passages favorable to the former president. These latter passages were contained in reports rendered prior to the discovery of Gonzalez' bad faith. Had the later reports been published as well, the President would have been shown up in his true light. By the clever manipulation and fitting comments of an experienced newspaper man, a sensational story was pieced together to which the "New York Herald" and the "New Orleans Picayune" gave prominent space for six consecutive days. The following extracts thereof show the nature of the alleged exposé:

"Revolution in Costa Rica revealed as outgrowth of bribery for oil fields."

"Deposed President tells why Mr. Wilson refused recognition. Names New York men."

"General Gonzalez says the Tinoco uprising was financed from this city."

"This is a story of how a group of Americans seeking an oil concession bought a government in Central America, and, failing finally to win over the President of the Republic, instigated a revolution. *It gives for the first time the reasons why President Wilson so steadfastly has refused to recognize the revolutionary government.*"

"The President was busy with his fiscal reforms; a great admirer of President Wilson, he was seeking to apply to Costa Rica, then in financial difficulties, some of the measures being applied in the United States."

An important Spanish publication called "La Reforma Social," published, in its number of January, 1919, a 20-page article over the signature of a noted anti-American Venezuelan, the following extracts of which show that Latin Americans had been greatly impressed by Gonzalez' publicity campaign:

"The act of treason and force by which the constitutional President of Costa Rica was overthrown and substituted by his Minister of War on January 27, 1917, had its origin in the intrigues, machinations and conspiracy of an American company."

"Ex-President Gonzalez, object and victim of the crime perpetrated by his Minister of War and conceived and prepared under the inspiration and with the co-operation of that Company."

"But never in America has there been a case of a government overthrown by the opposition and the corrupting and dissolving power of a foreign concessionary company. What aggravates the case is the fact that the government destroyed by that company was a constitutional government presided over by a man whose only crime was precisely his unshakable integrity. The company could not corrupt him, and to defeat the will of the President and acquire at any cost the monopoly to which it aspired, influenced and allied against him, through intrigue, imposition and corruption, all parties and Congress, after repeated and vain efforts to secure the help of Washington in the shape of diplomatic aid or frank intervention. This explains why everybody was with the usurper when he assumed in the garrison the dictatorship on January 27th. They were all sold to the company in one shape or another and interested in the approval of the contract."

Decreta

Artículo único.—Impruébase el proyecto de contrato «Pinto-Greulich» de 23 de setiembre de 1915.

Dado, etc

Si contra lo que espero, el Congreso determina rechazar esta iniciativa y ratificar constitucionalmente el decreto número 51, yo en respetuoso acatamiento de sus resoluciones, lo mandaré ejecutar, pero de sus consecuencias, no será mi nombre responsable, ni ante el país ni ante la historia.

Soy de U U señores Secretarios, muy atto. s. s.,

ALFREDO GONZÁLEZ

San José, 21 de agosto de 1916

ALFREDO GONZALEZ

Presidente Constitucional de la República de Costa Rica,

DECRETA.

Artículo único. — Convócase al Congreso Constitucional a sesiones extraordinarias que se inaugurarán a las dos de la tarde del lunes seis de noviembre próximo, con el objeto de que conozca de los siguientes asuntos pendientes.

1 °—Ley sobre formación del Catastro,
2 °—Ley General de Impuestos Directos;
3.°—Ley sobre la Contribución Territorial;
4.°—Ley del Impuesto sobre la Renta;
5.°—Ley sobre la Contribución para las Obras Públicas de interés especial o local; y
6 °—Del veto del Poder Ejecutivo a la Ley que aprueba el Contrato Pinto-Greulich.

Dado en la ciudad de San José, a los veintiocho días del mes de octubre de mil novecientos diez y seis.

ALFREDO GONZALEZ

El Secretario de Estado en el Despacho de Gobernación,

JUAN RAFAEL ARIAS

N° 1

EL CONGRESO CONSTITUCIONAL DE LA REPÚBLICA DE COSTA RICA

En sesión celebrada el día diez de noviembre de mil novecientos dieciséis, acordó por más de la mayoría de dos tercios requerida por la Constitución Política, mandar promulgar en La Gaceta, Diario Oficial, el decreto que antecede, para sus efectos de Ley de la República.

MÁXIMO FERNÁNDEZ
Presidente

AD. ACOSTA
Secretario

ALBERTO CALVO F.
Secretario

Secretarías de Estado

From Official Gazette No. 44, Year 38, Tuesday, August 22, 1916.

* * * *If contrary to my hope Congress determines to reject this initiative and constitutionally ratifies decree No.* 51, *I shall have it executed in respectful obedience to its resolutions* * * *.

(Signed) Alfredo Gonzalez.

San José, August 21st, 1916.

From Official Gazette No. 101, Year 38, Sunday, October 29th, 1916.

Alfredo Gonzalez,
Constitutional President of the Republic of Costa Rica,

Decrees:

Sole article. The Constitutional Congress be convened in special sessions to be inaugurated at 2 P. M., Monday, November 6th next, for the purpose of taking up the following pending matters:

* * * * * * * * * * *

6. The veto of the Executive Power to the Law approving the Pinto-Greulich contract * * *.

From Official Gazette No. 113, Year 38, Sunday, November 12th, 1916.

No. 1.

The Constitutional Congress of the Republic of Costa Rica in its session of November 10th, 1916, *decreed by more than the majority of two-thirds required by the Political Constitution* to cause to be promulgated in the Gazette, Official Daily, the foregoing decree *for its effects as Law of the Republic.*

(Signed) Maximo Fernandez,
President.

(Signed) Adan Acosta,
Secretary.

(Signed) Alberto Calvo F.,
Secretary.

From that day until January 27, 1917, when Gonzalez was overthrown, the American oil grant known as the Pinto-Greulich contract and referred to in the above final decree as ratified over the President's so-called veto, Gonzalez, faithful to his above printed promise of August 21, 1916, and in accordance with the Costa Rican constitution, allowed the peaceful exploitation of the oil lands covered. The President accepted the respective guarantee deposit and certified in writing to the contractor's compliance with various clauses. The validity of the grant was never questioned; Gonzalez did not appeal to his Courts and placed no obstacle in the capitalization of the concession which was effected on December 23, 1916, over a month before his downfall. Nevertheless, it is now claimed, in the deposed ruler's publicity campaign, after two years and a half have elapsed, that the American oil grant grew out of the Tinoco Government following that of Gonzalez, and that the latter's régime was overthrown with the financial aid of the American petroleum group intent upon ousting Gonzalez because he had refused to honor the grant!

What is shown in the documents is summarized by Mr. Gonzalez himself in a letter he wrote under date of September 21, 1918, to Senator Hitchcock, Chairman of the Senate Committee on Foreign Affairs. The latter, featured by the newspapers named, said in part:

> " Should the sub-committee resolve to conduct that investigation, I would like very much to be privileged with an opportunity to bring to its knowledge documentary evidence of particular importance in connection with the matters to be investigated.
>
> " I wish to submit to the sub-committee private correspondence of the American citizens Messrs. Lincoln G. and Washington S. Valentine, and others, for the purpose of proving the following:
>
> " ' that the conflict between a group of American citizens and the Executive of Costa Rica over the granting of an oil concession, coveted by private American interests and opposed by the President of Costa Rica, was the chief cause of the coup d'état of January 27, 1917, which overthrew the constitutional government of that country;
>
> " ' that Federico Tinoco, as Minister of War, raised in arms and overthrew the legal government in furtherance of his bribery agreement with Valentine.
>
> " ' In the coup d'état of January 27, 1917, Federico Tinoco was only the tool of American capitalists.' "

The pending publication of these articles was known to the writer's uncle, Washington S. Valentine of New York, a week or so before. He communicated with Mr. William A. Willis, Acting Managing Editor of the New York *Herald,* asking him to hear the other side before publishing anything, because the charges were malicious and false. Mr. Willis thereupon made a most surprising reply, throwing the whole responsibility upon our own Government. His statement may be summarized as follows:

> *" I am sorry, Mr. Valentine, the material upon which the articles are based comes from the Naval Intelligence and the Department of Justice. Nothing will deter us from publishing the articles."*

That the *Herald* and the *Picayune* were firm in this belief goes forth from the following introductory paragraphs:

> *" The revelations are based on documentary evidence accumulated by the deposed president, in some cases with the aid of United States government officials.*
>
> *" Until now the truth of the Costa Rican case has not been made public and was known only to a few officials of the American Government.*
>
> *" The originals were concealed in safes in a dozen places."*

In other words, it is alleged that the United States Government took advantage of its wartime secret machinery to rifle the safes of large American interests, seize their private correspondence and deliver it to Alfredo Gonzalez, a deposed pro-German president, so that he might make use thereof by conspiring and intriguing ad libitum against American interests!

The author was loath to believe this and rather of the opinion that the "United States Government officials" referred to were mere underlings working without the authority of department heads; that the New York *Herald* and the New Orleans Picayune were mistaken in assuming that the story they published was given out by our Government as the first explanation of President Wilson's motive in refusing to recognize the Tinoco Government. It must be remembered that Mr. Wilson took this decision in *February,* 1917. The "rifling of the safes" referred to occurred as late as the *summer of* 1918.

It now appears that the State Department was behind the published story, unless, indeed, the Associated Press was mistaken in releasing on August 22d, 1919, the following:

> *"It was stated here today officially that American citizens had been implicated in the Tinoco revolution. The State Department was said to have letters written by American conspirators telling of their investments with the Tinoco faction, but the Department refused to make public either the letters or the names of the Americans involved."*

If this version and that of the *Herald* and *Picayune* are correct it reveals a stupendous condition of affairs, and the question might be asked:

> "Was our Government so hard pressed for finding grounds to justify before the public its persistent enmity towards the Tinoco Government and its inexplicable friendship for the Gonzalez faction and were Americans whose views on the subject differed from those of the Administration to be made the 'goats'?"

The failure of our Government to deny the amazing allegation contained in the publications mentioned lends much color to this question. The writer called on the State Department official in charge of Central American affairs and asked to be officially informed whether such charges as had been published were entertained by the State Department. The reply was that the Department had taken no cognizance of the publications and that no charges existed.

Either the allegations referred to are before our Government and given credence, in which case the accused Americans should be called upon for an explanation and defence; or the Government knows the charges to be untrue, in which case a clear denial should be made. It is remarkable, however, that President Wilson should apparently base his present Costa Rican

policy upon such charges, which even a superficial investigation would prove baseless.

However absurd and false on their face the charges which the deposed executive caused to be published and placed before the United States Senate, are, it is necessary to occupy a little space in contradicting them.

That the author had no interest in overthrowing the Gonzalez Government and placing the Tinoco régime in its stead is clearly shown by the fact that the oil concession at the bottom of the story was properly granted and capitalized during Don Alfredo's tenure of office, as has been demonstrated in this account. Moreover, the differences between the deposed president and the writer in the matter had been patched up two and a half months before he ceased to hold his high office. No legal formalities were lacking. No additional facilities were needed or sought. Gonzalez' opposition had ceased, friendly messages having been exchanged with him. What advantage was there in ousting him?

As to the charges of bribery, Don Alfredo himself has specified them in his letter already cited to Senator Hitchcock, Chairman of the Foreign Relations Committee, on September 21, 1918:

> "That through the expenditure of several hundred thousands of dollars the said American interests represented in Costa Rica by Lincoln G. Valentine, in order to have coveted concessions passed by Congress and to avoid certain legal obstacles, bribed and corrupted the following public officials of Costa Rica:
>
> "Two successive Presidents of Congress;
>
> "Several Congressmen;
> "The Attorney General;
> "A Judge of the Civil Court;
> "A Clerk of the Court of Appeals;
> "Employees of the Court of Law for Fiscal Matters;
> "Employees of the Presidential Mansion and of the offices of the Ministries, and other employees of the Government.
>
> "That the same American interests bribed the then Minister of War, Federico Tinoco, with whom they conspired and planned the overthrow of the constitutional government of Costa Rica."

In other words, Gonzalez claims that his own Administration was corrupt with the exception of himself and his immediate friends. It is probably the only case on record of a former president defaming his own Administration, country, political appointees and friends, by branding them as "purchasable articles", and coming before the public of the United States, crying:

> "My compatriots are all crooked. You can buy them for a song. I alone was honest and for that reason ousted!"

As a selfish come-back to smooth over his wrinkled pride, Gonzalez was striving to wipe out with one stroke of the pen the enviable record of the country over which he had presided. Costa Rica had for many decades enjoyed the reputation of the "Switzerland of America"; of orderly and honest institution; well regulated and fair justice; ambitious progressiveness through modern education and hard working citizens. However, the deposed ruler cannot willfully mar this glorious history by blaming Americans therefor. A certain measure of selfish interest is bound to prevail over public interest in all political entities. The temptation is too strong for every politician, without exception, to resist it. This is a sad but acknowledged fact the world over. In Costa Rica, however, the author has found a strong innate sense of political honesty which speaks highly of the hereditary Spanish pride characteristic of the pure Hidalgo blood flowing in the veins of their statesmen. Every Costa Rican president left his high office poorer than when he assumed it. That is in itself sufficient proof.

The country was far from agreeing with Don Alfredo, and the factors in favor of the American oil grant were in no way limited to those directly interested as owners of oil lands under lease to the concessionaire. They included practically all of the highly respectable personages who had been prominent in Costa Rican history. This is shown by the following alignment of the more important elements in its favor and those siding with Gonzalez' plan of opposition.

In Favor of the American Oil Rights.

Ricardo Jimenez, the president of Costa Rica preceding Gonzalez; a prominent lawyer; wealthy.

Asención Esquivel, former president of Costa Rica; lawyer; wealthy.

Cleto Gonzalez Viquez, former president; prominent lawyer; lucrative practice.

J. J. Rodriguez, former president; prominent lawyer; wealthy.

Dr. Carlos Durán, former president; prominent physician; wealthy.

Bernardo Soto, former president; prominent lawyer; one of the wealthiest men in Costa Rica (now dead).

Joaquin Bernardo Calvo, for 23 consecutive years Costa Rican Minister in Washington and dean of the Diplomatic Corps there (now dead).

Luis Anderson, prominent lawyer; president of the Central-American Peace Conference; Treasurer of the American Institute of International Law; diplomat; writer.

Roberto Brenes-Mesén, scientist; writer; philosopher; idealist; Gonzalez' Minister Plenipotentiary in Washington.

Leonidas Pacheco, prominent lawyer; former Cabinet member; diplomat; writer.
La Información, the oldest and most prominent pro-Ally daily.
La Prensa Libre, pro-Ally evening paper.
La Linterna, pro-Ally comic weekly.
Over 1,000 Costa Ricans who, by leasing their oil rights to the American group, had acquired a royalty interest.

Opposed to the American Oil Rights.

Alfredo Gonzalez, pro-German President of Costa Rica.
Manuel Dieguez, pro-German lawyer and adviser of Gonzalez; representing European petroleum interests.
Manuel Castro Quesada, Gonzalez' chum and Washington Minister.
Johann Kümpel, German propagandist, friend and associate of Gonzalez (on our black list).
Rogelio Fernandez Güell, pro-Hun editor of the Gonzalez-Kümpel Germanophile paper *El Imparcial* (now dead). (On our black list.)
El Imparcial, the daily just referred to. (Suppressed by Tinoco. On our black list.)
La Nueva Era, another Hun-controlled newspaper. (Suppressed by Tinoco. On our black list.)
A small group of satellites favoring Don Alfredo's policies.

Let us now go through the former President's own list of officials who he claims were " bribed and corrupted " by the writer and discuss, seriatim, the most prominent among them.

Leonidas Pacheco.—Publicly retained as Chief Counselor by the American interests. It is true that he was President of Congress, but there is no more reason for a member of Congress in Costa Rica to give up his private practice than there is in other countries. Pacheco was not President of Congress, however, and did not vote when the oil concession was under discussion, which fact in itself disposes of the charge.

Victo Vargas.—It is correct that he was civil judge, but the American group never had any litigation before his court. He was never called upon to decide any question pertaining to the petroleum matter. He had leased his oil lands to the concessionaire and, after he had ceased to be judge, was retained in one instance as attorney.

Manuel Bejerano.—He had been appointed as Attorney General by Gonzalez himself and was the latter's trusted friend. Bejerano has always been considered as the personification of honesty. He never received a cent

from the grantee or his agents, owns no oil land and fought the American group bitterly to the very last, upon the President's instructions.

Luis Anderson.—He acted as an associate counsel. Neither law nor custom prevented him from exercising his profession, after he became a Congressman.

Various other attorneys, some belonging to Congress, who had, to the knowledge of everybody, been retained for special legal duties. The title research and compilation work was immense, as there were several hundred titles and assignments to be investigated and cleared, with only a few months available for the task. Anyone with experience in Latin America knows what that means. The work could be completed in the specified time only by dividing it among a number of attorneys.

Federico Tinoco, until a few weeks ago, President of Costa Rica, then Minister of War. He never received a penny from the American interests, directly or indirectly, and was always considered as a dangerous opponent whose ill-will was feared when he became President.

Gonzalez further alleges that a number of court clerks, ministerial and presidential employes had been "bribed." The implication is ridiculous on its face. What tangible advantage could be derived from "bribing" such underlings? What help could they give? It is quite true that among the thousand or more Costa Ricans who owned oil rights there were government employees, but they had acquired their holdings long before the American group came to Costa Rica, and their lands had been leased by the latter on the same terms as all others, without discrimination. It is also a fact that, for investigating and perfecting the titles of the acquired oil zones, the court for fiscal matters had, at times, to be kept open all night. The clerical work entailed thereby was very extensive, and it is natural that the clerks were entitled to and did receive payment for such special overtime services.

As to Maximo Fernandez, the other President of Congress, naively charged by Gonzalez with having been corrupted by the writer, the shoe is on the other foot. Fernandez was the leader of the party which had lifted Don Alfredo into his high office. The latter and many of his friends and Cabinet appointees also belonged to it. After having formed the pro-German, anti-American combine already described, Gonzalez began to fear the opposition of his party and political friends, lest they should refuse to carry out plans against which their conscience rebelled. He needed a club with which to force them into blind obedience. It has already been related how Kümpel, the "Rasputin," hit upon a convenient, if not ethical, plan to accomplish this purpose; how the assets of the Commercial Bank had been pilfered by the conspiring ruler; how he had, finally, secured by a high-handed act of force the possession of notes guaranteeing his party's campaign debt; and how he had thereupon relegated to the scrap heap his obliga-

tion of paying that outstanding liability. The notes seized bore the signatures of Fernandez, the President's most intimate friends, and—last but not least—his own. To force the defeat of the American oil rights and the success of his other plans, Gonzalez was swinging this Damocles sword relentlessly over the heads of his influential partisans.

It is evident from the mass of correspondence on which this booklet is based that the victims so threatened required an effective assurance of protection, in the event that Don Alfredo should carry out his menace and ruin them through the enforcement of the notes. Lacking such guarantee, they would naturally have been cowed and whipped by the ruler into silent obedience, and the European oil interests favored by Gonzalez would have secured the permanent control of the strategic petroleum base at a time when the Hun military successes were approaching their climax. The author did therefore the only plausible thing under the circumstances—by extending to the blackmailed politicians a written assurance protecting them against the fall of the sword. This guarantee, given in October, 1916, about two months after the ratification of the American grant, was for no other purpose than to appease the startled minds of the honorable Costa Ricans affected by Gonzalez' Prussianized threat.

PRESIDENT TINOCO'S TESTIMONY.

Costa Rican Congress Unanimously Rejects Gonzalez' Charges as Baseless and Untrue.

In connection with the Gonzalez publicity campaign the following document is interesting:

From *La Gaceta* (official daily), No. 110,

Friday, November 8, 1918.

" Constitutional Congress.
" Fifth Special Session.

" *Joint Session of Both Chambers at* 4.20 *P. M., October* 28, 1918.

Article II.

" The President of Congress stated that the President of the Republic was in the Office of the Secretary for the purpose of attending the Session. That high official was immediately introduced with the customary honors into the hall of the National Assembly and seated at the right of the President of the Chambers.

" The First Magistrate of the Republic said that it was his custom to report to Congress every matter of transcendental importance to the nation and that his presence among the representatives of the people was in obedience to this motive. * * *

" With regard to the political matter which brought him before these Chambers, President Tinoco stated that 'since former President Gonzalez Flores had left Costa Rica, it was notorious that he, as well as his former minister, Castro Quesada, had devoted themselves to the thankless task of discrediting their nation in other countries, employing for that purpose as principal weapons lies and defamation, besides a persistent and constant press campaign through which they gave themselves importance by publishing articles which, beyond a doubt, have all been written by the same hand.

"'I would not bother about these matters,' he said, 'were it not that, from personal questions, they have drifted into defamation of the nation and, in this case, I am obliged for the honor of the Republic and in defense of the prestige of the country and its representatives, to protest most solemnly and energetically against this unhealthy campaign.

"'I shall refer briefly to the political events after January 27, 1917, which events, as all of the Senators and Deputies know, the

North American Senate has been investigating by virtue of a formal accusation wherein an attempt was made, through false witnesses, to show that I had received $50,000 from Mr. Valentine to aid in the expense of the movement of January 27.

"'The whole country knows and the representatives of the people know the procedure in that petroleum business in which I had no intervention. For the purpose of refreshing your ideas and condensing the facts so as to fully bring out the truth, it is advisable that we study briefly the history of the matter with documents in hand.

"'On September 23, 1915, there was signed and approved a contract by the President of the Republic, Alfredo Gonzalez, and the Minister of Fomento, Mr. Enrique Pinto, on the one hand, and Mr. Leo Greulich on the other.

"'On May 9, 1916, the said contract was sent to Congress by the Executive and the Minister of Fomento.

"'On August 12, 1916, Decree No. 51 was issued by Congress, approving the said contract signed by the Executive.

"'On August 21 of that year, President Gonzalez-Flores presented to the Chamber a note of remarks wherein he stated that the Decree would not receive the sanction of the Executive power and proposed at the same time another decree for the rejection of the contract.

"'On September 5, 1916, the President of Congress, Dr. Maximo Fernandez, ordered the publication of Decree No. 51, approving the Pinto-Greulich contract because it was a law of the Republic and not vetoed in accordance with the Constitution.

"'On September 16, President Gonzalez-Flores refused to publish Decree No. 51 and offered to convene Congress in special session to define the matter.

"'On October 28 he convened Congress to discuss the veto to the Pinto-Greulich contract, and in the Gazette of November 12 of the same year the contract was published as a law of the Republic. The Official Gazette of that date published Decree No. 1 issued by Congress on November 10, wherein the publication of Decree No. 51 was ordered, for its legal effects.

"'*These eloquent dates are evidence that, when I assumed the power, the petroleum business referred to was already concluded and a law of the Republic and that, therefore, Mr. Valentine would have had no reason for placing in my hands any money for the evolution of the 27th.* * * *

"'While during that period I formed part of the Cabinet of Mr. Gonzalez-Flores, nobody can say that I in any way recommended the approval of the petroleum contract.

"Gonzalez-Flores now alleges that the evolution of January 27

was aided with the money of the contractor, Mr. Valentine, but this is a stupidity and it is malicious to even think so.

"'I wish to repeat that, during my administration, neither I nor any influential element of my Government had any kind of political or commercial connection with Mr. Valentine.

"'This is a case, Representatives, where the honor of Costa Rica is being soiled in a foreign country by none less than a citizen—a bad citizen—who has been President of the Republic—and this is extremely sad.

"'Now, gentlemen, by reason of these circumstances, I am obliged to recall the history that concerned the motives which compelled me to proceed as I did on January 27. There are important details in the matter which few persons know and which, modesty aside, it is necessary for the country to be informed of. Do not take these declarations as the creatures of passion, because I am far from feeling such unhealthy sentiments and, if I now dwell upon these matters, I am obliged to do so by imperative circumstances.

"'I shall be brief—very brief—and in my statements I shall have to go back to the time of the electoral campaign which preceded our last one, as heated and bitter a campaign as few recorded in the history of our country.

"'I was a Republican and fought with vim and patriotism for the triumph of the ideals of that party. I was the one who most strongly opposed the combination arising at the last hour between it and the Civil Party, and I always devoted my entire efforts and energy to breaking up that combination.

"'Nobody can say that I visited the house of the candidate of the Civil Party, nor that I had any conference with him.

"'To cause the failure of that political plan, I had on January 8, 1914, a conference with former President Gonzalez Viquez in the office of Mr. Baudrit, who is today Senator and now present, for the purpose of reaching an agreement with the Duranists, which was later carried out and resulted in the assumption of power by Mr. Gonzalez-Flores who, in those days, I had in my house, you might say, hidden. In his incomprehensible political incapability, he always doubted that the matters were serious. He did not believe in success because it never entered his imagination that he might rise to the position of President of the Republic.

"'His peculiar lack of faith in the matter went so far that, thinking it was all a joke, he declined on April 27 to receive in my house, where he had remained, the delegates of the Duranists, Mr. Leonidas Pacheco and Mr. Ernesto Martin, representing seventeen Deputies who, added to the five Republicans, gave him the triumph.

"'I then had to impose myself upon him to make him accept his designation as presidential compromise candidate, and it was through me that he accepted because he almost believed—I repeat it—that he was being made a plaything.

"'On the night of that historical political event, when former President Jiminez decided to guarantee the election, all the armed forces of the Republic were placed at my disposal, and it was I who made Gonzalez-Flores President of the Republic. The troops on that night shouted "Vivas" for me, and that same night I said to the troops, "These 'vivas' must be for Mr. Gonzalez-Flores."

"'This is how Mr. Gonzalez-Flores attained the presidency and, immediately, he proceeded to break the obligations which he had contracted with all of the parties. He began with the Duranists and then continued with the Republicans. And then with his closest friends. He was going to exile me. I fell into disgrace before the rare caprices of that Governor because I did not agree with many of his political ideas. How could I agree with him when, in economic matters, the country was handled by the German Kümpel and, in Public Works, by the German Petters?

"'In other words, the two most important branches of the public administration were subject to the caprices and decisions of two foreign enemies of this country, because the nation has been and is, with soul and body, truly and heartily in favor of the Allies.

"The Pro-Germans were, therefore, disposing of the country's fate. They were the ones who governed—who made and unmade—who conducted the country towards an unsoundable abyss. Before this terrible danger, the nation trembled with horror.

"I proceeded therefore conscientiously to save the country. * * *"

The President thereupon moved that the Chambers in joint session name a Committee to investigate the charge of Alfredo Gonzalez that the overthrow of former President Gonzalez had been financially aided by Mr. Valentine. The motion was submitted to a vote and it was *unanimously decreed* that there was no reason for naming a Committee because everyone present was fully aware from his own personal knowledge that the *charge was absolutely untrue.*

THE AMERICAN SENATE AND THE CASE OF COSTA RICA.

The Costa Rican matter was finally submitted to the United States Senate and referred to a subcommittee composed of the following: Senators Williams, Saulsbury and Swanson, Democrats; Senators Lodge and Brandegee, Republicans. The writer was in Costa Rica at the time and at once sent the following cables:

> "November 24, 1918. Inform Senate Committee Gonzalez allegation regarding our alleged financial assistance Gonzalez overthrow outrageous lie, easily disproved; part systematic intrigue deceive American Government and besmirch honorable Americans. Will submit conclusive evidence. Anxious proceed Washington immediately testify."
>
> "December 4, 1918. Will submit Senate documentary evidence showing conclusively no connection existed Tinoco Valentine, and Gonzalez allegation cleverly framed but absurd lie. Will unmask Gonzalez supplying documents showing his pro-Germanism and active, persistent aid to German Government interests. Will also show his anti-Americanism and tricky efforts appear pro-Ally when he needed Washington backing, and his unscrupulous attempt deceive American Government, Senate and public for that purpose. Leaving first steamer with documents."

On January 29th of this year, the sub-committee reported, unanimously recommending that the United States Government recognize Tinoco, as the investigations had disclosed nothing on which a continued suspension of diplomatic relations could be based.

Not only did our Government pay no attention to this Committee Report but nothing effective was done to prevent the Gonzalez faction from organizing its revolutionary activities in Nicaragua, a quasi-protectorate of the United States. Tinoco was obliged to keep an army mobilized to defend himself against aggression from that neighbor, thereby greatly draining the public treasury. Finally, an assassin, presumably sent from Nicaragua, shot and killed Joaquin Tinoco, the President's brother and War Minister, thereby depriving the Government of its real, physical leader. There remained for Tinoco to do one of two things; either continue to defy our State Department and ultimately meet his brother's fate, or to throw up his hands. He followed the latter, saner course, by departing for Europe, after delivering the presidency into the hands of a designate, Juan Bautista Quirós, a worthy intelligent business man of integrity,

educated in the United States and strongly pro-American. Tinoco's administration had lasted two years and a half, in open defiance of what he considered President Wilson's unjustified dictum.

As reported by the Associated Press on August 22nd, 1919, President Wilson's present Costa Rican policy is drastic.

> "President Juan Bautista Quirós of Costa Rica, successor of Federico Tinoco, has been notified by the American Government that the validity of the Tinoco Constitution or any Government acting under that Constitution, would not be recognized by the United States. Ex-President Gonzalez has been informed by the State Department of this action. He has been in Washington since his overthrow by Tinoco and has been in close touch with the revolutionary movement against the Tinoco régime, headed by Julio Acosta, Minister of Foreign Affairs, under Gonzalez."

In other words, Costa Rica reverts once more to its status of January 27, 1917, when President Gonzalez was overthrown, and * * * *the latter has been so informed by our Government.* This implies the decided recognition that Alfredo Gonzalez, now in Washington, or a designate of his administration, is acknowledged by our Government as President of Costa Rica. Therefore, our State Department considers once more the anti-American, pro-German group of Gonzalez, Kümpel, Petters, Dieguez, etc., described in this booklet by its acts, as the Government of that victimized country.

The mysteries of our Latin American policies in recent years are indeed unsoundable.

Complications are bound to arise under these circumstances. President Wilson recognizes no act under the Tinoco Constitution or the Tinoco régime. This nullifies the present Costa Rican Congress and Courts and all acts performed by them in the last two and a half years. It also licenses the Gonzalez group to resume its anti-American activities by impeding the development of those American interests to which it has been antagonistic. It leaves the road open to numerous diplomatic claims, and American interests are liable to be confronted with a serious situation. Their ulitmate recourse against Gonzalez is Washington and Washington apparently favors Gonzalez.

How about the rights of citizens of the twenty-two countries which recognized Tinoco and had diplomatic relations with him?

How about the rights granted by Tinoco to strong British interests which have invested large amounts of money? Will Great Britain stand for her subjects being thus victimized? Our Government cannot possibly intend to recognize the validity of rights granted to citizens of Great Britain and other large states and sacrifice rights granted to citizens of the United

States and small countries? Or will the policy be one of arbitrary discrimination, recognizing such acts of the Tinoco régime as suit the whim of our Administration and relegate all others to the scrap heap?

Let us analyze one case in point, which is best illustrated by extracts from the writer's letter of June 14, 1918, to the Hon. Stewart Johnson, American Chargé d'Affaires in Costa Rica.

"FOURTH ATTEMPT OF THE PEARSONS IN COSTA RICA.

"On May 6, 1918, Mr. Federico Tinoco, exercising the functions of President of Costa Rica, signed a contract with John M. Amory & Son of New York for the exclusive oil control of the four remaining provinces. . . .

"There is, therefore, hardly any doubt that again John M. Amory & Son are acting merely as agents for British interests. . . .

"Besides, the Amory contract calls for deposits of pounds sterling in an English bank, and no mention is made of anything connected with the United States, such as formation of company, etc. . . .

"It is worthy of note that the Amory contract calls, not only for the control of the sub-soil, that is to say, oil exploitation, but that it covers large sections of the surface of the four provinces as well, in such a manner that the Government of Costa Rica obligates itself not to grant in the future any surface rights in the said provinces which Amory & Son may desire.

"Besides the contract covers practically all of the coal resources of the four provinces mentioned.

"The term is for fifty years, renewable for another fifty years. . . .

"The Alajuéla Province included in the contract adjoins more than half of the San Juan River, which constitutes the proposed Nicaragua Canal route.

"The contract mentioned grants to Amory & Son, among other things, the unlimited and uncontrolled right to build canals, wharves, lighthouses, etc., as well as the unlimited and uncontrolled right of navigation of rivers and other waters.

"In other words, the co-riparian rights which Costa Rica undoubtedly has to the San Juan River are granted to Amory & Son, in part.

"SUMMARY.

"S. Pearson & Son acted in 1913 in Colombia through Saturnino Restrepo, of London. S. Pearson & Son acted in 1913 in Costa Rica

through Wencislao de la Guardia, brother-in-law of Mr. Federico Tinoco, now exercising the functions of President of Costa Rica. Saturnino Restrepo is the main element back of the Amory & Son contract. Dr. Eduardo Uribe, representing and championing Amory & Son, acknowledges that he acts for Saturnino Restrepo, his first cousin and friend. The new Amory contract covers important rights to the proposed Nicaragua Canal route, as well as the absolute control for fifty years, renewable, of the coal and oil resources of one-third of Costa Rica, and especially the probable oil zones adjacent to the proposed Nicaragua Canal.

"CONCLUSION.

"The Amory contract is now before Congress. The Congressional Committee of Public Works, in spite of being informed of the strategic features that the contract contains, has unanimousiy recommended its approval. The Chamber of Deputies, in its session of June 13, 1918, has approved the report. The contract will probably come up for second reading to-day, June 14th; for third and final reading probably next Tuesday, June 18th, and for detailed discussion next Wednesday, June 19th.

"I have no personal interest in favor of or against the contract. I understand that the Sinclair Central American Oil Corporation has no interest in favor of or against it, because it does not conflict with its contract.

"I am submitting these facts, merely because I deem it my duty to do so at this particular moment. I do not know whether the United States Government has changed its policy since 1913 and whether there is any desire to prevent Great Britain from securing strategic advantages in these sections. One fact appears certain to me, however: that John M. Amory & Son are acting for British interests."

On June 24th, 1918, the author wrote to the Honorable Stewart Johnson:

"Enclosed herewith please find the following:

"Two sets of photographs of letter from Saturnino Restrepo, London, England (associate of S. Pearson & Son, of London), to Dr. Eduardo Uribe (cousin of the former and representative of John M. Amory & Son).

"Three plain copies of the same.

"Three English translations of the same.

"The original of the document is in my hands.

"It proves the following facts in the most lucid and conclusive manner:

" John M. Amory & Son is not the principal in the matter of the petroleum matter between it and the Tinoco Government (see a red mark on photograph '1').

" John M. Amory & Son is merely acting as agent for and under direct instructions from strong British interests with headquarters in London (red mark '1').

" Saturnino Restrepo has been for years associated with S. Pearson & Son, and introduced its business in Colombia in 1913.

" S. Pearson & Son tried various times since 1913, first in its own name and, upon being opposed by the United States Government, through agents, to secure vast Costa Rican oil territories. Hence the British interests referred to must be S. Pearson & Son.

"The Amory petroleum contract was worked out in London, mainly under the direction of Saturnino Restrepo, and sent in a definitely approved form to John M. Amory & Son, referred to as the 'American Agents' of the British interests mentioned (see red mark '2').

" The British principals found it expedient to display cash money in Costa Rica, so as to make 'interested parties feel it' (see red mark '3').

" Provision seems to have been made to pay seventy-five thousand pounds sterling for obtaining the concession. Twenty thousand pounds were to have been spent for exploration work during the first two years; five thousand pounds to be paid to the Government as a guarantee fund; but, 'after such expenditures of twenty thousand and five thousand pounds, a total of one hundred thousand pounds will have been invested by the firm' (see red mark '4'). The difference of seventy-five thousand pounds must evidently be destined to be the price to be paid for the concession.

" Dr. Uribe apparently asked that a part of the said amount be advanced. But the British firm is opposed thereto, preferring to pay the total amount after securing the concession (see red mark '5').

" Saturnino Restrepo states that he has handled the whole matter from the beginning, evidently referring to the Pearson endeavors in Costa Rica since 1913 (see red mark '6').

"British interests are also endeavoring to secure the oil lands of Nicaragua (see red mark '7').

" The Amory petroleum concession (Pearson concession) has been approved in three readings by the Chamber of Deputies. There was almost no discussion, the majority of the Congressmen favoring the approval of the said contract without amendments.

" The concession is now in detailed discussion, article by article.

> "If Mr. Federico Tinoco, acting as Executive of Costa Rica, could be induced to use his unquestioned influence upon a majority of the Deputies and Senators, he could avail himself of Article 87, Clause 5, of the new Costa Rican Constitution, by having the contract submitted to the Senate and there defeated.
>
> "Or else, a clause could be introduced prohibiting John M. Amory & Son from selling, transferring or leasing the concession or granting the usufruct thereof, directly or indirectly, to any but American interests."

Our Legation finally received a cable from the State Department, re-affirming its policy that none but strictly American interests should be permitted to secure oil and other strategic rights adjacent to the inter-oceanic canal routes. Our Chargé d'Affaires thereupon communicated with the Costa Rican Government, through Joaquin Tinoco the Vice-President and Minister of War, in an attempt to prevent the approval of the grant to the British. But it was too late, as Congress had already ratified the concession.

British interests undoubtedly considered their Tinoco grant as valid and have invested large sums of money in the development of the proposition. The following cable from London, of September 21, 1918, illustrates that point:

> "Inform the Government that the financial papers of London announce today that the refunded bonds of Costa Rica rose one point as a consequence of the notice circulated with respect to the petroleum concession granted."

The Monroe Doctrine evidently did not deter British interests from securing strategic rights in the important Nicaragua Canal zone; nor did President Wilson's non-recognition of the Tionco régime. However, *American citizens were prevented from dealing with Tinoco,* under the threat of the State Department, in its announcement of February, 1917, published in this exposé, that *our Government would neither sanction nor protect dealings of American citizens with the Tinoco Government.*

Will President Wilson now insist that the British oil concession is void for being an act of Tinoco? Will the British Government consent to her subjects losing these valuable strategic grants and the money invested therein? *Or will the rights of Europeans and other Nationals be recognized for the sake of good feeling to the detriment of American investors, who were deterred from competition and expansion by the State Department threat?*

CONCLUSION.

A More Practical Latin American Policy Is Needed, Protecting Our Citizens and, at the Same Time, Aiding Our Continental Neighbors.

The case just related covers a period directly following President Wilson's Mobile speech of 1913 wherein, by arguing against the granting by Latin American governments of special concessions, he announced a departure from the established Republican policy and enunciated a new doctrine tending to the establishment of ties with Latin America, not based upon common interest but upon common understanding. President Gonzalez has stated more than once that, in blocking the American oil and other interests, he was acting in accordance with the new Wilson policy which he considered gave him license to deliver into European hands concessions which did not fit into the Wilson classification of enterprises deserving the good-will of the Stars and Stripes. This feature is, in itself, a practical proof that our President's idealistic aims have been peculiarly and conveniently interpreted by some of the smaller Latin leaders.

Practically all large investments in the little Republics to the south of us require such special grants as Mr. Wilson is opposed to, as the only possible safeguard against prohibitive legislation. It is obvious, therefore, that our southward industrial expansion will seriously suffer, unless our Government makes it clear in words, more direct and concise than diplomatic and idealistic, that the Stars and Stripes follows citizens to distant shores as closely as the Union Jack.

If it is to the interest of our country that American business expand into the Latin American nations; that the prestige of American citizens devoting their energies to that purpose be upheld; that legitimate American enterprises be given sufficient protection to save them from undue interference—then it should be made known categorically that an American venturing out of his country upon legitimate industrial or commercial pursuit is not an outcast; that the United States Government will not stand for his being harassed and persecuted; that the spirit of Roosevelt is not dead.

We with our Executive all long for a gradual betterment of the world, for a final utopian reign of mutual help and understanding above self-interest. The present world turmoil shows too clearly, alas, that mortals will still be mortals. Perfection cannot be improvised, nor can it be imposed upon the world. It can only come through centuries of slow evolution. Any attempt to suddenly squeeze humanity into a tight coat of goodness will only stimulate the desire for an easier and more comfortable garment.

Latin Americans are sensitive. The smaller the country, the greater its national pride and fear of the powerful neighbor. They do not want to be told what to do and what not to do. They justly resent interference in their internal affairs. With what right do we treat them as irresponsible minors subject to our guardianship? With what right do we insist upon one man being placed in the presidency rather than another; which constitution to be adopted; how they shall spend their money . . .?

Let us help them, by all means! But let us help them as adults, not as children. Let us not feed them wonderfully phrased promises and generalities, whilst their commerce and industries are stagnant for want of capital. Their countries contain untold riches the surface of which has hardly been scratched. There is timber aplenty, at a time when Europe is in sore need of it. There are immense iron deposits, untouched because no roads lead to them. There are millions of acres of wheat, sugar, rice lands which lie waste for want of borrowing and transportation facilities. Let us be practical and, instead of words, feed them dollars—such dollars to be spent under the direction of a mixed commission controlled by Americans and to be devoted solely to the opening up and development of the smaller republics.

Let our Government give every facility, and use its good offices so that the southern republics give facilities in return, for inducing American capitalists to fearlessly venture into their sphere. But let us make it plain that such ties of common interest are based upon the common understanding that intrigues as the one exposed in this booklet will not be tolerated.

APPENDIX I.

On February 25, 1919, the Hon. Norman J. Gould presented a resolution in the House of Representatives, as follows:

(See Congressional Record of February 27, 1919.)

Mr. Gould—Mr. Speaker, I have today introduced a resolution directing the House Committee on Foreign Affairs to investigate the present situation in Costa Rica and the Government's connection therewith.

I have taken this step because of information which recently has come to me and which, if truthful, indicates the existence of a situation in that Republic and of a diplomatic policy on the part of this Government which is so repugnant to our traditions and previous policies as to call for prompt explanation on the part of the Department of State and full and free discussion in Congress.

Personally I can not vouch for all of the facts, or alleged facts, that have been brought to my attention; and, due to the unfortunate policy of the State Department, as a result of which Americans seem to forfeit their rights to the protection of their Government when they venture into Latin American countries in the pursuit of foreign trade and commerce. I do not now feel at liberty to give the House the names of my various informants. This much, however, I will state on the strength of my own observation:

"The political plague born in the State Department, reared in its recently acquired atmosphere of paternal idealism and pride-stifling internationalism, which has wrecked peaceful, prosperous Mexico in the last eight years, now seems to threaten not only Costa Rica but all of Central America."

Articles in both Washington and New York newspapers recently exposed a very serious condition of unrest extending virtually from the Rio Grande to the Panama Canal. It would appear that this condition is merely the natural and inevitable result of a policy toward Costa Rica strikingly similar to the policy which has, in my belief, been so terribly exemplified in the case of Mexico.

Bancroft Library

For more than eighteen months President Tinoco, of Costa Rica, has been refused recognition by this Government. The reasons which prompted the refusal are not now known and never have been known to the public. The results, however, are clear enough. Costa Rica's credit has been injured; her Government has been discredited, and her very institutions threatened with the same kind of attacks that

Mexico has endured during the last eight years. During the fall of 1918 a number of American newspapers published a series of sensational articles which purported to be a revelation of President Wilson's motives in refusing diplomatic relations with Costa Rica. These publications, at that time, claimed that a group of American citizens led by Mr. Lincoln G. Valentine of New York, inspired and financed the overthrow of the Gonzalez Government and placed Tinoco in the presidency, in order to secure from the new Government certain oil concessions.

Subsequent to this publication, I am reliably informed, a sub-committee of the Foreign Relations Committee of the Senate inquired into the refusal of this Government to accord recognition to the existing government of Costa Rica, headed by President Tinoco. That sub-committee, of course, had before it not only such information and such allegations as the newspapers had published, but additional facts, obtained, I presume, from the State Department and other sources.

With this information before it, Mr. Speaker, the sub-committee reported, in effect, that it could find no good and sufficient reason for the continued refusal to recognize the Government headed by President Tinoco. In view of international conditions then existing, however, the sub-committee did not recommend mandatory action on the part of the Senate, although, I am informed, several members of the sub-committee unofficially communicated these facts to the State Department and urged President Tinoco's recognition.

Gonzalez, the deposed President of Costa Rica, immediately after the bloodless coup d'état two years ago, had left Costa Rica and had come to the United States. Since that time, I am informed, he and his friends have persistently maintained an intrigue of publicity against President Tinoco and against American interests in Costa Rica. If statements I have received are true, this intrigue has reached into some of the executive departments of this Government.

I wish to lay before the House at this time some of these allegations, which have come to me unsolicited and which I feel strongly should be investigated by the Foreign Affairs Committee. They include these:

1. That the newspaper articles published last fall included what was alleged to be confidential correspondence between Mr. Lincoln G. Valentine and other American citizens.

2. That, according to these publications, this confidential correspondence—involving American citizens of integrity and good standing—was obtained from the safes of the parties named through

the assistance of—I quote the publications—"officials of the United States Government."

3. That this assistance was alleged to have come through a man who purported to be an agent of the Department of Justice.

4. That this alleged agent of the Department of Justice delivered these pilfered papers to Gonzalez to be used in the furtherance of the latter's publicity intrigues against American citizens and their interests in Costa Rica.

5. That one of the first acts of Gonzalez after assuming the Presidency of Costa Rica in 1914—shortly after the outbreak of the European war—was to be found, in collaboration with a notorious German propagandist, a newspaper devoted to pro-German publicity.

Mr. Speaker—I am loath to believe these allegations; I am loath to believe that the—shall I say "foreign office" of the United States Government?—is engaged in safe-cracking work against its own citizens in behalf of foreign political exiles or that it is conniving at a publicity intrigue which may have for its object the wrecking of an important phase of our foreign commerce.

And I am loath to permit such statements and allegations to go unchallenged by this Congress.

But, Mr. Speaker, I am more loath to accept the responsibility as a Member of the American Congress for the continuation without my protest of such practices if they do exist.

I want this House and this Congress to have the facts. I want to see the unpublished portions of that stolen correspondence. I want to know if, as has been alleged, Gonzalez, during his tenure as President of Costa Rica, persistently and systematically persecuted foreign interests that had invested in Costa Rican properties on his solicitation. I want to know if, as has been alleged, this Gonzalez in his persecution of American interests, advised with and was advised by that same German propaganda service of whose insidious and diabolical workings in Mexico we learned through the publication of the Zimmerman note two years ago. I want to know if, in Costa Rica as in Mexico, such anti-American political leaders have been used as the cat's-paws of the pirates of Wilhelmstrasse.

It took the American people a good many years to realize, Mr. Speaker, that crimes were being committed in Mexico under the guise of "revolution"; it took them a good many years to realize that the German Government had reached into the very vitals of that country with its baneful influences, and when the story was told officially through the publication of the Zimmerman correspondence this country stood aghast.

I believe the time has come to show the hidden hand of intrigue among our Latin American neighbors and to serve notice on all agents of Germany that this Government will no longer allow them to hound Americans, even though their activities are shrouded in the mystery of Latin American policies.

Mr. Speaker, I believe the time has come again, and I thank God for it, when Members of the American Congress may ask questions of the State Department without inviting reflections upon their loyalty, public spirit, or patriotism.

APPENDIX II.

From the Testimony of the Assistant Editor of "El Imparcial," German Propaganda Paper Founded by Gonzalez and His Hun Coterie.

"When in May, 1916, some friction arose between the Mexican Government and that of the United States, Alfredo Gonzalez telephoned from the Presidential House ordering the editor of the daily "El Imparcial" to back directly the attitude of Carranza by offering its columns to Mr. Manero (commission agent of that Government) for any publications that he might wish to make in favor of Mexico. These were made in almost every edition.

"There was sent from the Presidential House to the editing rooms of the paper, in a closed envelope, an editorial article containing the following paragraphs:

> "'The note of Venustiano Carranza to the Government of the United States is one of the highest examples of national dignity. This is the moment for Mexico to sever the American power at its root, as the Yankee eagle is flying from one Latin Republic to the other just as in olden times the Napoleonic eagles were flying from tower to tower.
>
> "'* * * that it is proven that President Wilson, who is calling himself democratic and the protector of the Latin American countries personifies today the harshness, the arrogance, the fatuity and the impudence of vulgar Yankees.'"

M. B. Brown Printing & Binding Co.,
New York.